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Rio Group, EU Continue Ministerial Meeting

Worker Training Accord Signed

PY2504191094 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Apr 94 p A8

[Article by Vladimir Goitia]

[Excerpt] The foreign ministers and representatives who attended the fourth ministerial meeting of the Rio Group and the EU on 22 April signed in Sao Paulo a For Cerio [expansion not known] agreement, which is part of a cooperation agreement to train workers. The fund for this program amounts to 8.27 million ECU's (nearly $10 million) and will serve private and public sectors as well as regional integration organizations. [passage omitted]

Meeting Said To Have 'Failed'

PY2604125294 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Apr 94 p A4

[Article by Jose Casado: "A Distorted Reality"]

[Text] Latin American governments have failed in a new joint attempt to have the EU make a commitment to expand trade between Latin America and Europe and to guarantee a growing inflow of European investments in Latin America.

This failure became clear at the conclusion of the fourth meeting of European and Latin American foreign ministers held this week in Sao Paulo.

This may have been a test for the new world economic order outlined two weeks ago in Marrakech, Morocco—after eight years of negotiations—through a new global agreement on tariffs and the creation of a powerful institution called the World Trade Organization.

Latin American diplomats came out of the Sao Paulo meeting less optimistic than before.

It became clear to them, for instance, that trade between the EU and Latin America is bound to become increasingly dependent on each government's interpretation of the GATT agreements.

It has resulted in greater uncertainty about the future of Latin American trade with Europe, which is its main trading partner after the United States. European imports of Latin American products have dropped nearly 40 percent since 1965 as protectionism continues to progress.

Under Brazil's guidance, Latin American governments found out at the Sao Paulo meeting that the only thing they could do was lodge another protest against the growing social, environmental, and labor conditions some European countries are beginning to impose on purchases of Latin American products.

The rich countries are in fact reaffirming their protectionist pressures, which are decisively contributing to undoing the optimistic scenario (for the poor) that was built around the new GATT agreement.

In theory, the new GATT agreement is supposed to increase world trade by $270 billion annually from 1995 to 2005 and bring substantial benefits to Latin American countries, especially to Brazil. Reality is, however, distorting these expectations.

Another hope was lost this week in Sao Paulo; that is, it would not be feasible in the short term for Latin American governments to exact commitments and broad guarantees from Europe that the inflow of investments in the region will increase.

The idea of making Latin America gradually become a priority on the agenda of EU public investment policies was stimulated by the inflow of capital registered last year, when one-third of Europe's overall investments was made in the region.

The Latin American diplomatic offensive in Sao Paulo was designed to obtain "major commitments" from the Europeans that they would increase their investments in the region in the short term and thus prevent the growing interest of investors in and the inflow of capital toward Africa, Asia, and East Europe. The Latin Americans have lost once again. They have made no major achievements.

It is a crucial question to determine which direction the expansion of capitalism will take in the next few decades within the framework of a globalized economy.

Asia remains a priority. Despite its tribal conflicts, Africa continues to be attractive because it remains highly profitable. It is not by mere coincidence that 90 South African companies are trading their stocks in London's stock exchange, 23 of them are trading in Paris, 16 of them are trading in Brussels, 12 in Frankfurt, and nine in Switzerland.

East Europe is the area where the second stage of the EU's integration will take place.

This does not mean that things will continue to be as they are now.

It will be incumbent upon the skill of the Latin American governments to bring about changes in their relations with the EU. They have a promising market and can count on Europe's competitor—the United States—which is a potential ally in trade disputes with the European bloc.

This poses a challenge to the political ability of foreign ministries such as that of Brazil.

'Text' of Sao Paulo Declaration

PY2804020094 Sao Paulo GAZETA MERCANTIL in Portuguese 25 Apr 94 p 3

["Text" of the Sao Paulo Declaration issued at the end of the Rio Group-EU meeting in Sao Paulo on 22 April and released by the Brazilian Foreign Ministry on the same day]

[Text] The Fourth Institutional Meeting of Rio Group and EU Ministers took place in Sao Paulo on 22 and 23 April 1994, in compliance with the Declaration of Rome dated 20 December 1990.

The foreign relations ministers of the Rio Group and the EU constructively and openly reviewed the issues that interest them most.

The ministers confirmed that the two regions share common cultural traits and political and socioeconomic values and principles, and agreed on the steps they will take to attain joint objectives and strengthen mutual relations.

The ministers underscored the scope and depth that the dialogue between the two regions attained during the past year, especially at the Copenhagen meeting and at the 48th UN General Assembly meeting.

Within this framework the ministers approved the following Declaration of Sao Paulo:

Common Principles and Values

A. The ministers reasserted their governments' commitment to representative democracy and to the state of law, and their firm decision to secure full respect for universal human rights and basic liberties, in keeping with the provisions of international agreements on human rights. They thus rejected any attempts to disrupt the democratic and constitutional order and proposed to coordinate efforts aimed at the strengthening of democracy, which implies especially the subordination of all sectors to legally established civilian authority.

B. In keeping with the principles set forth in the Declaration and Program for Action of the World Conference on Human Rights held in Vienna in 1993, the minister agreed that the right to development is part of basic human rights, the human being is the central subject of development, and the lack of development cannot be used as an excuse to justify disrespect for internationally acknowledged human rights.

The ministers also recognized that democracy, respect for human rights, and development are closely intertwined, and that they all play an equally important role in the strengthening of international cooperation and trust.

C. The ministers agreed that sustainable development, protection of the environment and sustainable exploitation of natural resources, economic growth, creation of productive jobs, and a fairer income distribution will encourage full respect for the principles set forth in this declaration and its effective implementation.

D. The ministers pledged to help overcome the differences in the level of social and economic development among the nations, and agreed to protect social and labor rights in line with the principles and provisions of the various International Labor Organization conventions.

E. The ministers state that the strengthening of the norms, regulations, and institutions governing the Multilateral Trade System, as well as the removal of stumbling blocks to trade and the rejection of arbitrary unilateral actions, are at the center of international trade in accordance with the GATT principles.

F. The ministers condemn without reservation every form of racism and xenophobia.

G. The ministers reaffirm the key role played by regional integration in terms of the objective to promote political and socioeconomic cohesion. This objective also entails the involvement of all sectors of society in the development process of each country, with a view to making it more competitive on the international economic market.

H. The ministers condemn without reservations and labeled as an unjustifiable crime all kinds of terrorist actions wherever they are committed by anyone and for whatever reason, because they endanger and eliminate human lives, offend the dignity of the human being, and attack democracy and the state of law.

I. The ministers condemn the production of, trafficking in, and unlawful consumption of drugs, as well as the laundering of the profits generated by these activities.

J. The ministers agree in stating that cooperation between the two regions is based on principles of solidarity that are translated into support for social and regional development, including objectives such as fighting poverty and protecting less favored segments of the population, the promotion of effective democratic systems, and complementary actions in economic, trade, industrial, scientific, and technological areas that would be mutually beneficial.

In accordance with these common principles and values, the ministers agree in stating that the two regions should strengthen their relations in the future, identifying the appropriate structures for dialogue and for cooperation as well as new instruments that would enrich the current framework of their relations and mutual interest.

To ensure a greater impact and coherence, the ministers agree on the need to develop future actions within the framework of a medium- and long-term strategy. To this end, they commit themselves to promoting a broad analysis to define the objectives and guidelines of this strategy.

Joint Measures

Based on the above reasons, the ministers reached the following agreements:

I. Political Aspects of the United Nations
1. The ministers agree on furthering the dialogue undertaken within the framework of the United Nations. The following may be included among the topics of this dialogue:

A. The initiative concerning the "Agenda for Development" and the "Agenda for Peace";

B. The issue of the UN reform and of improving its method of work;

C. The implementation of accords reached during the UN Conference on Environment and Development and answers to questions currently under discussion at the appropriate international forums, particularly regarding sustainable development, technology transfer, and financial resources;

D. The Third International Conference on People and Development (Cairo 1994) on population policies, sustainable development, and strengthening of international cooperation;

E. The "Beijing International Conference (1005) on Women. Action for Equality, Development, and Peace" to emphasize at multilateral forums, and throughout the entire preparatory process, the importance of international cooperation for a swifter implementation of the Nairobi strategies before the end of this decade;

F. The decision to give priority to the implementation of national programs seeking to protect children, particularly homeless and abandoned children, under all circumstances and in all regions of the world, as established in the UN Convention on Children's Rights;

G. Ways to strengthen the UN role as protector and promoter of all human rights by ensuring overall support for the high commissioner for human rights, and fighting prejudice and discrimination based on race, sex, language, religion, or any other issue. This must be done in accordance with the international instruments currently in force, including by supporting national projects that strengthen the institutions of the state of law;

H. The terms of the UN proposal, International Decade of the Indigenous Peoples, which protect the rights of the indigenous communities and their cultural inheritance.

Social Development

2. The ministers commit themselves to promoting the objectives proposed for the International Summit on Social Development (Copenhagen, 1995), particularly regarding the reduction of poverty, social integration, and an increase in productive jobs.

Ibero-American Cooperation

3. The ministers acknowledge the importance of the Ibero-American Conference, which will hold its fourth summit of chiefs of state and government in Cartagenas de Indias, Colombia, on 14 and 15 June.

Fight Against Racism and Xenophobia

4. The ministers agree to do their utmost to fight the signs of racism and xenophobia—such as, for example, against migrant workers and their families—particularly through implementation of severe laws and the promotion of intensive educational campaigns.

Terrorism

5. The ministers agree to intensify cooperation and reach closer coordination to adopt concrete measures aimed at eliminating terrorism.

Drugs

6. The ministers commit themselves to implementing overall solutions to the drug problem, including fighting drug production, distribution, and illegal consumption, as well as money laundering. They also commit themselves to adopting measures preventing smuggling of chemicals and precursors that can be used in drug production, and to creating alternative sources of income for the rural producers affected by these measures. The ministers also admit the need to promote additional measures to reinforce national programs preventing drug abuse and promoting rehabilitation.

Disarmament and Nonproliferation

In the field of disarmament and nonproliferation of weapons, the ministers agree:

A. To immediately urge all countries to renew their commitment to the nonproliferation of weapons of massive destruction and their launching means in all their aspects. Within this context the EU ministers welcomed the intention recently expressed in Latin America to join the Nuclear Nonproliferation Treaty, NPT;

B. To defend the preparation of a Nuclear Tests Prohibition Treaty that will be broad, multilateral, and allow effective controls;

C. To stress the recent progress attained in the consolidation of provisions tending to totally prohibit nuclear weapons in Latin America and the Caribbean, as established by the Tlatelolco Treaty;

D. To recommend the signature and ratification of the Convention on Prohibition of Development, Production, Accumulation, and Use of Chemical Weapons and their Destruction;

E. To jointly work to strengthen the Convention on Biological Weapons through the adoption of appropriate measures;

F. To cooperate in favor of openness in the international transfer of weapons and to participate in the UN Conventional Weapons Registry;

G. To express their interest in initiating a dialogue on matters related to trust-promoting measures.

II. Economy and Cooperation Aspects

8. The ministers agree on the advisability of carrying out an additional high-level meeting between the Rio Group and the EU on economic and trade matters before the Fifth Institutionalized Ministerial Meeting is held. The ministers stress that this specialized forum for permanent talks has proven to be very useful in exchanging points of views on current events and subjects of common interest, such as:

A. To study the effects of the Single European Market [Mercado Unico Europeu], the eventual extension of the

EU and other contractual developments of the EU, as well as the Latin American regional integration programs and free trade zones.

B. To analyze the effects of the trade measures adopted by the two regions with the purpose of making joint efforts to promote trade.

9. The Rio Group ministers reject the unilateral imposition of political, economic, social, or environmental conditions on access to markets within the framework of international trade relations.

10. The ministers stress the importance of the trade preferences granted by the EU to the Rio Group countries.

The ministers of the Rio Group express their conviction that the reform of the Generalized System of Preferences [GSP] should maintain and increase its benefits for the Latin American countries without any kind of conditions or discriminations based on their social economic development, and it must also extend its coverage, further deregulate trade, establish rules of origin with the purpose of promoting trade, and adopt region cumulative laws for all the Latin American countries.

The EU ministers hereby take into consideration the terms expressed in this declaration, and express their willingness to examine them. They recall that the real purpose of the GSP has been and continues to be the promotion and diversification of the economies of the developing countries with the purpose of a more effective integration of the international economy. At the same time the GSP constitutes on its own an autonomous instrument subject to adjustment.

11. The ministers promise to adopt the necessary measures to quickly implement the agreements reached in the Uruguay Round of GATT talks.

The ministers agree to ensure that the World Trade Organization will bring more openness and legal efficiency to trade norms, including the controversy-solving procedures.

The ministers agree on the usefulness of carrying out a joint study of the opportunities that will be created following the agreements reached in the Uruguay Round for the benefit of all economic agents.

12. The ministers also agree on the significance of the UN Conference on Multizone Fish Species and Highly Migratory Fish Species located both inside and outside the exclusive economic zones.

13. The ministers promise to continue to support the different efforts to attain regional integration and cooperation, aimed at the gradual and progressive formation of a common Latin American market within a context of openness and dynamic interaction in the international economy.

14. The ministers promise to encourage initiatives that will increase investments between the two regions. Taking into account the current dynamics of the flow of investments of the private sectors of the two regions, the ministers agree to encourage the signature of additional bilateral agreements between countries of the Rio Group and the EU to promote and protect investments and to avoid double taxation, and to adopt measures to reinforce the protection of intellectual property rights.

15. With the same purpose, the ministers recognize the importance for the European Investment Bank to play a more active role in Latin America. The ministers favor greater cooperation between the European Investment Bank and other financial institutions, especially with the Inter-American Development Bank [IDB] with the purpose of possibly cofinancing regional projects.

16. The ministers point out the importance of the recent decision of global recapitalization of the IDB and of increasing the stock participation of the EU members, as well as reinforcing the Special Operations Fund.

17. The ministers acknowledge the importance and the great level of cooperation there is between the two regions, and agree to make an effort to attain a genuine partnership in the economic, trade, industrial, scientific, and technological fields for the benefit of the two regions.

With this purpose, the ministers mainly stress:

A. The intensification of cooperation activities at regional, subregional, and bilateral levels;

B. The consolidation of the current activities of the training programs, the fast implementation of the "FORCE-RIO" program and the possibility of broadening this kind of cooperation;

C. The future cooperation in the scientific and technological fields to allow the participation of the member countries of the Rio Group in the Fourth Program-Chart [Programa-Quadro] of Science and Technology;

D. The fast implementation of the AL-INVEST [expansion unknown] program and the expeditious implementation of measures under the ECIP [expansion unknown] program;

E) The importance of the quick implementation of the Inter-University Cooperation Program (ALFA) so as to intensify, develop, and expand ties between the academic and scientific communities of the two regions.

18. The ministers have decided to meet next year in France, in accordance with the rotation rules.

19. The participants in the Sao Paulo Conference express their deep thanks to the government of Brazil for its hospitality and for the excellent organization that has made possible the success of this conference. They likewise thank the Brazilian people for the warm welcome they have given to the delegations.

Pilcomayo River Presidential Summit Viewed

PY2704154594 Asuncion ABC COLOR in Spanish 27 Apr 94 pp 14, 15

[Article by "special correspondents" Roque Gonzalez Vera, Hilarion Acosta, and Jorge Caceres]

[Text] Formosa, Argentina—Argentina, Paraguay, and Bolivia have decided "at the highest level" to give the highest priority to the handling and solution of all matters pertaining to the Pilcomayo River, and they also decided to establish that the carrying out of any tasks, both at the technical and environmental levels, will be carried out in coordination with the three countries' proper organizations.

The tripartite decision to act "as one body" in the solution to the technical, political, and environmental problems curiously does not contain the manner in which the financial resources will be obtained to carry out the scheduled tasks in the lower basin, which is shared by Argentina and Paraguay, and the middle and upper basins, which are in Bolivian territory.

[Argentine President Carlos] Menem, [Paraguayan President Juan Carlos] Wasmosy, and [Bolivian President Gonzalo] Sanchez de Lozada, together with their foreign ministers and chief technicians, met for six hours in this provincial capital to discuss a common action policy for the Pilcomayo River.

The governors of Formosa, Salta, and Jujuy Provinces (Vicente Joga, Roberto Ulloa, and Oscar Perassi) also participated in the meeting.

The Declaration of Formosa signed by the presidents indicates the need to ensure an equitable distribution of the river's waters in its lower reaches in Argentina and Paraguay, and in this respect it urges that "the immediate action that already has been decided on has the objective of re-establishing the equal flow of the water that enters the territories of the two countries, mainly to attenuate the process of damage and clogging and to prevent an abrupt change in the river's course at the points listed as critical."

The presidents also decided to include the middle and upper basins in the work plans that are to be carried out; therefore, they decided to "hasten the studies regarding the third phase of the project for the multiple development of the Pilcomayo's basin with the intention of implementing a program for the overall management of said basin taking into account the intensive erosion of the upper basin, the control of the flow, and the rational use of the waters."

The Argentine, Paraguayan, and Bolivian Governments decided to promote the development of the Pilcomayo's basin and its area of influence in order to optimize the exploitation of its natural resources, create jobs with the attraction of investment, and allow the rational use of its hydraulic resources.

In order to help this development, the chiefs of state agreed to the creation of a "tripartite commission for the development of the Pilcomayo's basin," and instructed their foreign ministers to sign the respective agreement as soon as possible.

During the news conference they gave, Wasmosy revealed that this commission will be made up of six members (two from each country) and will have an executive secretary, who will be contracted in another country, possibly a European country.

Finally, the presidents expressed the concern of their governments regarding the protection of the environment, and said they will support action "directed at sustained development that will necessarily include the implementation of environmental protection policies with an eye to preventing the region's environmental deterioration."

During the news conference in the Turismo Hotel's Blue Room after the signing of the joint declaration, Menem said: "If anyone is demanding indemnification for damages, then the first thing he has to do is demonstrate that the accused party is responsible. This is a basic fact in law." With these words, the Argentine president rejected Argentine responsibility for the damage that is being suffered by our country due to the opening of the channel [from the Pilcomayo into Argentine territory].

Menem, who remained fairly calm until he was asked if the Pozo Hondo-Mision La Paz bridge is to be considered indemnification for Paraguay, added: "If they are accusing Argentina of causing damage then they have to demonstrate that we are responsible for the waters not entering the neighboring country and that we are to blame. It is true that I do not know who is to blame in this matter because the two countries agreed to the opening of channels. We opened a channel, but it seems that the Paraguayans did not open theirs correctly."

The Argentine president emphasized that they are willing to cooperate. But "we will not accept a responsibility that is not ours," he said. To prove these remarks about cooperation, Menem confirmed that the construction of the Pozo Hondo-Mision La Paz bridge over the Pilcomayo will begin immediately. This bridge will allow a road connection with Salta Province and will mean the physical linking of the Atlantic with the Pacific through the Paraguayan Chaco.

He indicated that the Formosa Province Government headed by Vicente Joga has received instructions to begin the work as soon as possible. "The bridge has to be finished by the end of the year, which is when the rains start and the river begins to rise," he said.

When Menem finished speaking, Wasmosy took over, saying: "I do not want to go into details and predict who is to blame and who is not. My intention is to look at the positive and constructive factors, and the positive aspect is that there exists the political desire of the three countries, interpreting the feelings of their peoples, to apply a rational and equitable solution to this problem."

With these words the Paraguayan president is practically rejecting the possibility of requesting that Argentina pay indemnification for the damage that has been caused, as though two years without receiving a drop of water and another year of receiving it in drops are not a sufficient argument to face this problem in a responsible way.

Regarding this point, it must be recalled that in 1991 Paraguay and Argentina did agree to the opening of experimental channels. On schedule and on the agreed date the Argentines opened their channel, but the Paraguayan technicians arrived 15 days later and, to top everything else, opened a channel against the river's current as though the river could reverse its current. Colorado Party politician Juan Roque Galeano was then director of the National Pilcomayo Commission, and he should be put on trial to determine his responsibility in the loss of our sovereignty.

But this negligence does not exonerate our neighbor from his responsibility. The agreement called for the opening of a pilot channel, but their technicians brought in bulldozers and opened a channel with a depth not contemplated in the agreement. And this flatly points to bad faith. They also promised to close the channel, and in September 1993 Menem stressed that Paraguay would receive the same amount of water as Argentina by the end of 1993, but that is still in his dreams so far.

And this is not all. Argentine technicians and geologists had perfect knowledge of a subterranean geological structure that cuts the Pilcomayo perpendicularly, thus causing a tilt toward Argentine territory. Formosa Province waited for the sediment to reach that point and it was there that it opened "the tap" that is very difficult to close today. If there had been good will, concern to prevent the closure of the river's bed would have been expressed much sooner and not when Paraguay is facing a de facto situation that will be very difficult to reverse.

During the news conference and regarding the channel's closure, Menem again promised that the work will have top priority "as scheduled by Paraguayan technicians. I again repeat that Argentina will not receive one drop more than Paraguay. We are going to achieve an equitable distribution of the Pilcomayo, as it should be between brother countries."

Referring to costs, Menem explained that constructing the dam on the Pilcomayo at the site of the two countries' channels will cost $18 million and these funds already have been obtained in Europe. The dam that has been planned in the area of Villa Montes, Bolivia, will cost $300 million. The Argentine president reaffirmed that the bridge's construction and the channel's closing will be finished before the end of the year, and only then will the other scheduled works be carried out.

Asked by ABC COLOR's special correspondents on his country's participation in the financing of the works on the upper reaches of the Pilcomayo, Sanchez de Lozada said: "If Bolivia does not participate in the seeking of solutions, the Pilcomayo will die. We have a large responsibility in this matter because the river starts in our territory."

The Bolivian president flatly denied press agency reports datelined La Paz that reported an alleged negative response to committing his country to international financing for the work to be carried out on the Pilcomayo. "It is absolutely not true that Bolivia refuses to contract debts. We form a team together with Paraguay and Argentina in which each party has a determined quota of sacrifice. We have given top priority to the river, and we look at it as a system that must be protected," he said.

It is important to point out that the Bolivian president acknowledged that his country has always traditionally considered the Pilcomayo to be a Paraguayan-Argentine concern and that it has not implemented any direct action because it is not directly affected by the silting up of the river.

"Bolivia stopped looking at the Pilcomayo as something foreign because its fate also affects us. The river poses a tremendous environmental challenge because the consequences can be extraordinary. And it must be taken into account that the environmental damage can cost much more than the investment being projected."

The presidential news conference was delayed due to changes made in the joint declaration. The meeting with some 100 journalists from the three countries and international agencies was held in the Turismo Hotel's Blue Room.

During the conference, Wasmosy highlighted the political will of the three countries to implement measures to save the river from its imminent disappearance. He also emphasized the region's environmental importance and the need to preserve it. He also confirmed the creation of a technical commission to be made up of technicians from the three countries.

A neutral expert will be contracted for the post of executive secretary, preferably someone who is an expert in hydraulic and environmental matters. "It will be someone who has nothing to do with the interests of each country, in order to obtain the most just solutions and alternatives," Wasmosy said.

Cuba

Iranian Official Views Proposed Friendship Group

FL2804015094 Havana Radio Rebelde Network in Spanish 2300 GMT 27 Apr 94

[Text] Hasan Ruhani, vice speaker of the Iranian [Islamic] Consultative Assembly, has said that the Iranian parliament intends to create a friendship with Cuba group. He made this statement during a friendly meeting with Cuban Ambassador to Iran Enrique Trujillo.

During the exchange of impressions, both Ruhani and Trujillo agreed on the good level of political relations between the two states, as well as on the need further to strengthen trade and economic cooperation ties.

Foreign Economic Minister Condemns Blockade

FL2604201394 Havana Radio Rebelde Network in Spanish 1700 GMT 26 Apr 94

[Text] On 26 April, Ernesto Melendez, Cuban minister of Foreign Investment and Economic Cooperation, condemned the U.S. blockade at the 25th meeting of the Economic Commission for Latin America and the Caribbean being held in Cartagena, Colombia.

Melendez also condemned U.S. pressure on countries in the region to prevent Cuba from joining regional integration organizations in specific sectors such as tourism. In his address, Melendez stressed the deplorable health indexes of the continent, which have been aggravated by the imposed economic models. Regarding these models of commercial opening, complete privatization, and unregulated foreign investment, Melendez pointed out that 270 million people living in poverty is too high a figure for a population of 450 million people, in addition to distressing indexes of unemployment, infant mortality, and education, which brings to mind an endemic adjustment rather than a true recovery.

Visiting British Investors View Oil Exploration

FL2804020694 Havana Radio Rebelde Network in Spanish 2300 GMT 27 Apr 94

[Text] A second British company will probably undertake oil exploration projects in Cuba. This news was released today during a news conference given by Michael Adda, head of the delegation from Caritad, a group which promotes trade with the Caribbean.

Talks will be held throughout the week among members of the Caritad delegation and Cuban representatives, who will discuss projects on ways to establish agreements in tourism, agriculture, oil exploration, and maritime services.

During the news conference it was also reported that the British secretary of state for trade and industry and a new group of British businessmen will visit Cuba in September.

Adda said that some of the proposals submitted by investors of this group will be confirmed by the end of this year. He added that Great Britain must also contribute to the economic recovery of Cuba; we are awaiting with great expectations the measures that will probably be adopted by the special Cuban legislative session that will be held this week, he said.

More than 100 contacts were held over the past few days between British and Cuban businessmen.

Castro Chairs Talks With Zambian Delegation

FL2704001394 Havana Cuba Vision Network in Spanish 2220 GMT 26 Apr 94

[Text] The official talks between Cuba and Zambia began today at the Palace of the Revolution. The meetings are being chaired by Commander in Chief Fidel Castro, head of state and government, and by Zambian President Frederick Chiluba.

Minutes prior to the conversations, Frederick Chiluba honored our National hero Jose Marti, accompanied by Cuban Foreign Minister Roberto Robaina. From today, through 30 April when they leave, the Zambian delegation is scheduled to meet with representatives of the scientific-technical field and other areas of social, economic, and cultural interest.

Zambia, a country of the southern African cone, is seven times larger than Cuba, with a population of approximately 9 million. Its principal export is copper.

Chiluba Interviewed on Talks

FL2704013394 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 27 Apr 94

[Text] This afternoon, Zambian President Frederick Chiluba visited centers of the western scientific hub and made statements to this newscast.

[Begin recording in English with simultaneous translation into Spanish] [unidentified reporter] This afternoon, the official conversations between Cuba and Zambia began. What is the result of this first session, and what types of cooperation will be established between Cuba and Zambia?

[Chiluba] The discussions were held in a very cordial atmosphere. We learned a great deal from President Fidel Castro in all areas. We discussed cooperation in the fields of health care; agriculture; the biotechnology and pharmaceutical industry, of course; as well as the field of tourism. We believe there is much that we can do to develop these areas.

We also looked at matters of common interest in the global politics of today; the problems of Angola, which are about to be resolved now; and the problems of Mozambique. [words indistinct] that today they have begun voting in South Africa in the first democratic elections. We believe there will be more peace in that area.

We also looked at the development of Third World countries. We should begin to rely on our own efforts, and with a bit of sweat and toil and commitment, as well as perhaps a little help from outside, we may manage to build strong foundations for the development of all countries. [end recording]

At the center for genetic engineering and biotechnology, Frederick Chiluba received a detailed explanation from Manuel Limonta, the director of this scientific institution, and expressed interest in the diverse areas of research conducted at the center.

At the Finlay Institute, he visited one of the plants for the production of vaccine and was accompanied by [Politburo member] Dr. Concepcion Campa, director of the Finlay Institute; and Gustavo Sierra, deputy director of that center.

For tomorrow, Zambian President Chiluba is scheduled to visit health care centers, and in the evening is scheduled to meet with the African ambassadors accredited in our country.

Castro Presents Award to Chiluba

FL2704011494 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 27 Apr 94

[Text] The Jose Marti Order has been presented to Zambian President Frederick Chiluba. The high award was pinned on the distinguished guest's chest by our Commander in Chief Fidel Castro. The ceremony is being held at this very moment at the Palace of the Revolution. Chiluba has been in Havana since yesterday on an official visit to our country.

This afternoon, the African leader visited the center for genetic engineering and biotechnology, and one of the vaccine plants of the Finlay Institute. He also placed a floral wreath at the Jose Marti Monument in the Plaza of the Revolution in Havana.

Areas of Interest for Exchanges Noted

FL2704153694 Havana Radio Progreso Network in Spanish 1100 GMT 27 Apr 94

[Text] Today, on the third day of his visit to Cuba, Zambian President Frederick Chiluba continues a series of visits aimed at assessing the prospects for bilateral cooperation in the economic, and other, spheres. Chiluba and the delegation accompanying him will today tour an agricultural cooperative and the Hermanos Ameijeiras Clinical-Surgical Hospital.

Chiluba's tight agenda is evidence of his government's interest in exploring the possibilities for expanding bilateral exchanges in spheres such as pharmaceuticals, agriculture, public health, and sports. Cuban Foreign Ministry sources say that there are plans for Cuban technicians to build a sugar mill in Zambia, with Lusaka financing the operations.

During its stay in Cuba, the Zambian delegation will also meet with Zambian youths studying in Santiago de Cuba, and will hold a meeting with African diplomats accredited here. Yesterday, Chiluba had official talks with President Fidel Castro and visited science centers in Havana.

Council Approves Scientific Cooperation With Spain

FL2704152694 Havana Radio Progreso Network in Spanish 1100 GMT 27 Apr 94

[Text] In Colombia, a Latin American meeting on science and technology has approved five Cuban projects on development, with innovations applied to the economy. These projects will be carried out with Spanish collaboration.

The approval was announced by Raul Taladrid, Cuban representative to the 10th meeting of the technical management council of the Latin American program of science and technology for development. Taladrid said the projects have to do with applying data processing to the sphere of medicine and with association by Cuban and Spanish businesses for mutual benefit through exports. The Cuban vice minister also pointed out that these development projects will make possible greater collaboration between scientific institutions of Spain and Cuba.

Minister States Need for More Access To Markets

FL2604152994 Havana Radio Rebelde Network in Spanish 0900 GMT 26 Apr 94

[Text] Ernesto Melendez, Cuba's minister of foreign investment and economic cooperation, has stated that Cuba has to have greater access to Latin American and Caribbean markets. During the 15th ministerial conference of the ECLA [Economic Commission for Latin America], Melendez pointed out that ECLA is the appropriate forum for taking the first steps to incorporate Cuba into the region.

Mexican Envoy, Ross Note Efficiency Assembly

FL2604143494 Havana Radio Rebelde Network in Spanish 2300 GMT 25 Apr 94

[Text] His Excellency Carlos Alejandro Tello Macias, Mexican ambassador to Cuba, has praised the workers from the Miguel Fernandez Roig tobacco factory—which is the former La Corona factory—in Havana for the economic efficiency meeting held today in this plant, which he termed magnificent.

Carlos Tello highlighted the solidarity, commitment, and enthusiasm of the men and women of this plant, determined to solve current problems and to produce more, as was made evident at the meeting. The Mexican ambassador added that this kind of assembly is the best, to achieve established objectives.

At this base-level meeting for economic efficiency of the tobacco sector union at La Corona—the first in the country—the workers outlined the serious difficulties that exist in this area, such as the poor quality of raw materials, which affects productivity. They also stressed the improvements in the workers conditions made by the plant's administration.

Pedro Ross Leal, Secretary General of the Cuban Workers Federation and a Politburo member, has urged the Miguel Fernandez Roig Tobacco factory's workers to keep up the accomplishments achieved following the Parliaments in the Workplace. Ross also referred to the profits obtained by this group during the first quarter of this year, something that had not happened before. He also stressed the fact that the production plan was fulfilled 126 percent during this period.

Ross also urged the workers not to feel satisfied with these achievements but, instead, to strive further to perfect these accomplishments with more determination and efficiency.

Minister Named Small Island Organization Official

FL2604184994 Havana Radio Rebelde Network in Spanish 1700 GMT 26 Apr 94

[Text] On 26 April, Cuban Minister Rosa Elena Simeon has been designated vice president of the main committee of the First International Conference of Small Island Nations on Sustainable Development, which is being held in Bridgetown. Simeon told PRENSA LATINA that the appointment is an acknowledgment of Cuba's efforts in this field.

The conference will reach its peak on 5-6 May, when it will hold meetings by state and government leaders of the alliance of island nations.

Minister Simeon Addresses Global Conference

FL2804012994 Havana Radio Rebelde Network in Spanish 2300 GMT 27 Apr 94

[Text] Rosa Elena Simeon, president of the Cuban Academy of Sciences [title as heard], said today in Barbados that highly qualified human resources are Cuba's essential instruments to trigger sustainable development.

Speaking during the First International Conference on the Sustainable Development of Small Insular States, Simeon, who is the minister of science, technology, and the environment, said that in our country there are hundreds of thousands of workers, technicians, professionals, and scientists capable of finding alternative ways to progress, despite the difficult situation the country is enduring.

The global conference must prepare the Barbados Declaration which will outline the essential guidelines and the financing to implement the sustainable development programs agreed upon.

PCC Provincial Committee Assesses Sugar Harvest

FL2304160094 Havana Radio Rebelde Network in Spanish 0900 GMT 23 Apr 94

[Report by Granma Province correspondent Jorge Luis Batista]

[Text] A meeting was held yesterday in Bayamo at the headquarters of the Provincial Committee of the Communist Party of Cuba [PCC] to analyze the progress of the sugar harvest during the second 10 days of April. Alfredo Enriquez Pina, the PCC's top leader in Granma Province, called for increasing efforts during the final phase of the harvest so that the province will be able to fulfill its production plan at the end of May.

Enriquez Pina confirmed that even after grinding is finished at a given mill, the forces will be maintained, (?working) in cane recovery and supporting the end of the sugar harvest at any mills that may require support. Enriquez also stressed the need to pay careful attention to self-sufficiency at Basic Cooperative Production Units and small farmers cooperatives, and he suggested studying the possibility of the mills' generating electricity once the grinding is finished.

Enriquez, who is PCC first secretary in Granma Province and a member of the Central Committee, said, moreover, that we must increase the use of animal-powered equipment, and he called for giving top priority to planting and weeding cane and to miscellaneous food crops.

During this check on the progress of the harvest, the managers of Granma Province agroindustrial complexes explained that the power outages and the rains continue to conspire against the sugar harvest but that the workers are continuing their work at all posts in a dedicated manner with a view to enabling the province to fulfill its technical-economic plan.

I also report that Granma will be the site of the (?national) miscellaneous crops management council today and tomorrow [23-24 April]. The participants in this meeting will tour miscellaneous crops areas of Manzanillo and Bayamo Municipalities today. Tomorrow, the miscellanous crops management council will meet at the headquarters of the PCC Provincial Committee in Bayamo.

Jordan on UPBC Management: Autonomy Not Anarchy

FL2704143694 Havana Radio Rebelde Network in Spanish 0900 GMT 27 Apr 94

[Text] Agriculture Minister Alfredo Jordan assessed as generally positive the way the Basic Cooperative Production Units [UBPC's] are operating, stressing that a greater dedication to work, a more sensible use of resources, and increased intiative in seeking solutions to problems can be seen. Jordan, who is also a member of the Politburo of the Communist Party of Cuba, explained that because the UBPC's were formed very recently, it is of crucial importance to develop and consolidate administrative competence within them and, in short, learn to be better owners.

With reference to UBPC autonomy, Jordan warned that people should not confuse autonomy with anarchy, but affirmed that the UBPC's really are independent, and that the existence of a program to ensure the availability of products required by the population does not constitute a contradiction.

Jordan highlighted the role of the enterprises regarding their relations with the UBPC's, which includes technical and material support and consultation.

The minister highlighted the fact that some 1,400 housing units have been built in the first quarter [of 1994]—the largest figure in history for such a period.

Agriculture Minister Highlights UBPC Potential

FL2604155494 Havana Radio Rebelde Network in Spanish 0900 GMT 26 Apr 94

[Text] Alfredo Jordan Morales, minister of agriculture and a Politburo member, has said in Bayamo that Basic Cooperative Production Unit [UBPC] workers are capable of developing many more initiatives to solve problems. Jordan, who participated in the initial phase of the Miscellaneous Crops National Council held in Granma, pointed out that the UBPCs have to be helped and supported; in this connection, he stressed the importance of housing construction. Jordan announced that the agriculture sector built 7,000 materials-efficient homes in 1993, and 1,400 in the first quarter of 1994. Granma Province is the leader in this effort.

Jordan pointed out the need to turn performances in miscellaneous crops production around, nationwide, by using good seeds, preparing the soil properly, planting on schedule, and weeding consistently.

Workers Urged To Carry Out Parliaments' Message

94CA0098A Havana TRABAJADORES in Spanish 21 Mar 94 p 2

[Editorial: "Let Us Be Consistent With the Language of These Parliaments"]

[Text] Some 80,000 meetings were held, each averaging four hours of debate. Speeches numbered in the hundreds of thousands. They were a veritable hurricane of ideas, these parliaments held at our work centers.

The major result of these exemplary discussions, at which each and every individual could and did express his opinions on crucial issues ranges far beyond any exercise in participatory democracy in the fullest sense of the term and far beyond any economic measures that might result from them. It is, first and foremost, the expression of an ideology vital to Cuban workers, the demonstration of a political culture and lifestyle that withstands the test of difficult times.

Every assembly was a frank diagnosis of an extremely complex economic situation. Workers engaged in an unblinking dissection of their working and social life at the present time, finding scant reason for rejoicing or celebration.

Transcending the most obvious causes associated with the collapse of the European socialist model and the intensification of the Yankee blockade, the most striking fact to emerge was that our work centers are frequently hampered by a lack of discipline and organization. Little use is made of the communities' power to control and manage. What one sees instead is a laid-back, accommodating, conservative, bureaucratic style, rather than a much-needed initiative and fighting spirit that seem to be caught up in a web of obsolete procedures, styles, methods, and mechanisms.

There is among the workers a great expectation of transformation, a visible perception that we must update and reform our model of productive and economic organization in order to remedy old errors and adapt the country to a situation far different from the one we enjoyed until only recently. It must be noted, however, that Cuban workers were speaking about transformations without ever waving the white flag of surrender. When the word "transformation" is used, the question is how to perfect socialism, how to make it strong enough to protect it from defeat.

There was no talk of capitalism, private property, or the market economy at the assemblies. Criticisms of errors and complaints about shortcomings were never made for the purpose of identifying ineffectiveness with socialism because the workers understand that shoddiness, bureaucracy, idleness, lack of economic control and discipline, administrative incompetence, and inadequate work incentives are unrelated to socialism unless an attempt is being made to deny, immobilize, and destroy it.

The essential humanism and equality characterizing the Revolution were nobly defended. No one objected to the universal right to education and health. The vice of excessive egalitarianism was condemned, however, i.e., distributing all that is produced and even that which is not produced, failing to note that some contribute more than others and that some contribute nothing at all! In just a few weeks of national debate and with the wind at our backs (provided by the clear and sincere language used to analyze the situation), the "parliaments" at the work centers greatly reinforced our awareness that we must become, once and for all, a nation of tenacious producers, leaving behind the shadow of dissatisfied consumers that we cast, even during the years preceding the special period.

Indeed, in order not to espouse mendacity, we must admit that Cuban society has throughout its history gradually created in many population groups a mentality of dissatisfied "takers," ever willing to demand things of society, paying little heed to what was given in exchange, serving it far less than we should have, and abusing the right to make demands upon it.

Without becoming discouraged, ever generous and firm, marked by a serenity that rules out hasty solutions just as it does inert, passive resistance, the Cuban workers used the parliaments to strengthen their will for victory.

Furthermore, backed by the might of many, the birth of a new language and a new economic mentality struggling to be expressed and demanding consistent action were evident.

For the workers' movement, the first requirement is the practical promotion of solutions suggested everywhere. We must cultivate and promote the trust which the workers have placed in the belief that it is they who own the economy and rule the country.

It is obvious that from here on in, this battle for the economy is destined to become a struggle against old ways of thinking and habits—held by the workers and management—that tend to hinder efficiency and stand in the way of using resources properly, something our workers can and want to do and of which they are capable.

We therefore understand that it is the prime duty of trade union leaders to go back over and over to the centers where they held the parliaments, to return there continually so that, joining with rank-and-file organizations, they can confront problems, help search for solutions, and boldly and courageously see what was done wrong. This is the wish of all blue-and white-collar workers and intellectuals, whether they toil in services or productive tasks, the wish of an entire nation saying once again that it seeks no other alternative than the Revolution and that, in this time of danger and sacrifice, transcending all difficulties, it continues to cast its vote for socialism.

Oil Exploration, Extraction Discussed

Achievements Reported

94CA0099A Havana BOHEMIA in Spanish No 5, 4 Mar 94 pp 28-32

[Article by Fernando Davalos]

[Excerpt] There are no paradoxes or dizzying figures involved. The surprise potential is zero. We are speaking of a ready, available, and burning fuel that has enabled the country to produce electricity, cement, and other goods to an extent unprecedented in the history of Cuba—1.1 million tons of oil extracted in the critical year of 1993.

This is an undeniable record that can be attributed only to the integrity of the workers in the sector, who are laboring with materials in short supply and with badly worn technical facilities. These workers began production in January of this year at a steady rate of 25,000 barrels per day, an absolute record that is also unprecedented.

The domestic recovery of oil, spurred by the shortage of imported fuel, was thus pushed beyond the high-water mark of 936,000 tons achieved in 1986 under better technical conditions. By way of reference, the UNO-UNO [expansion not given] campaign in 1992 set the previous record. In that year the total reached was 882,000 tons, although by then we were already short of replacement parts and without foreign technical aid.

In 1993, modern techniques for stimulating wells were effectively introduced by the foreign oil companies operating in Cuba. But only 16 percent of the total extracted in the country (about 170,000 tons) can be ascribed to "enhanced production," as these methods are called.

Nor can there be talk of new wells (which could almost be counted on one's fingers) or of spontaneous "miracle" gushers, nor of any sensational discoveries by these foreign firms either. Since this is the case, and given such difficult conditions, what explanation can there be for the 26-percent increase in oil extraction in 1993, as compared with that in the preceding year?

The skill and experience of these workers, apart from their honor, played a role in these results. Also, the effects of a series of measures set forth in the oil program previously approved by the highest Cuban Government bodies began to make themselves felt. These measures included substantially increasing wage rates and linking wages with labor-productive yields; improving working and living conditions (nutrition, camps, protective gear, clothing, transportation, housing, etc.); and careful rationalization of personnel strength, which was reduced to the indispensable minimum, among other things.

Efficiency increased, and only in this way would it have been possible to cope with the difficulties. The oil workers are aware, however, of the inadequacies—their own and those of others, which were seen in 1993, despite the achievement of the UNO-UNO goals. The workers say that there were also technical-organizational problems unrelated to the geology of the deposits, which have a greater extraction potential than the level reached (the production program for this last year had even been set at 1.3 million tons).

Thus the shortage of vessels for shipping crude oil through Cardenas was again a factor in 1993, although it was less important in that year, and some notable records were even set in the transportation process. Nowadays almost all of the fuel extracted from the so-called Varadero deposit (which is not in Varadero, but south of the beach that bears the same name) and in the fields surrounding it converges on this port in Matanzas. All of these fields belong to the Central Petroleum Drilling and Extracting Enterprise (EPEP), which achieved the highest production level in its history—825,000 tons—in 1993.

If a vessel reaches port late, this contributes to keeping the storage tanks on land full, which in turn makes it necessary to shut down wells. Once a well has been shut down, it sometimes takes 15 days to regain the previous extraction level. It is true that the use of an old oil pipeline, which has inadequate capacity and is in poor condition, was also a factor in this situation.

The operation of the "ship-pipeline" process of taking oil out of Matanzas was also affected by the unavailability of the steam needed to liquefy the oil to some extent for easier handling. In the past, this steam came from the boilers of the nearby Jose A. Echeverria Distillery. In 1993, there was also a shortage of solvents, such as the cutter stock used for the same purpose of reducing the viscosity of this crude oil, which is very dense.

There were technical problems of all kinds, most of which were overcome, one after the other. It can be said that the lack of supplies, in particular replacement parts for the old Soviet technological apparatus still in use, was a constant factor. Replacement equipment and other imported materials were in short supply, as were masks, gloves, boots, and other protective gear. It was necessary to employ inventiveness to find substitutes and to impose stricter disciplinary and organizational measures.

The exploitation of the wells and oilfields became increasingly efficient. The least productive wells were shut down in the course of the process, and the operation of the others was guaranteed. They were even protected against power failures.

The battle to increase production was very dramatic. A decisive role was played by geotechnical measures. At many sites, the method used was the recirculation underground of injected light oil beneath the productive zone, so as to clean it, leaving more space for the influx of the crude oil (this technique is called "PPG," [expansion not given] an analogical reference to the famous Cuban medicine). In 1993, pumps were installed at wells that had initially operated on the basis of spontaneous gushers and had later ceased to produce. Extraction pumps were also installed at other previously inactive wells that promised good yields. Also, the Cuban oil workers, on their own account, made successful use of the "enhanced production" technique, which they assimilated rapidly.

But the principal guarantee was provided by the workers. Lazaro Campoalegre emphasized what many people in the Central and Western EPEP zones had told me. "The effort made by the workers has been decisive. The nation's limitations have made it necessary to be inventive in order to keep the old equipment operating and to extract from each well all it can produce, so as not to lose a single gram."

Campoalegre, who is the deputy director of human resources in the Western Zone, is contemplating the rehabilitation of the Soviet A-50 trucks for use in well repair, aeration, and circulation. "This struggle depends on man, and even technology will not work if the human effort is lacking. Perseverance and the systematic checking of each well are basic. Thus more than ever, man provides the primary guarantee," Campoalegre says.

The people anticipated the difficulties. In the Central EPEP zone, problems developed with the seals and gears on the pump used for our heavy oil (the seals alone cost between $10,000 and $15,000). A solution was sought and found, working jointly within the Cupet [Cuban Petroleum Enterprise]. Now there is production here and there, ranging from nuts and washers to small-capacity extraction pumps.

There was a positive reaction to the difficulties, apart from the encouraging effects of the wage-scale reform implemented. The workers began to receive basic wage increases, as well as premiums based on the fulfillment of the production plan (the average monthly wage of 238-240 pesos increased to more than 300). The technicians and administrative directors also benefitted from income adjustments based on the progress made in the programs. The existing jobs and the duties involved were studied, interchangeable tasks were introduced, and the organizational structure was simplified.

The work force was reduced and the oil enterprises began preparations for the introduction of the system of self-financing in foreign exchange. Beginning in 1993, all of this led to a substantial increase in efficiency, and first and foremost, in the production rates.

The oil workers adopted a labor regime wherein attention to the human element began to make itself felt. They began to build housing for themselves. Hundreds of bicycles were given to them. Farm plots for food self-sufficiency were established in order to improve the dining-room menus and to provide additional nutrition, from which the workers directly involved in production have benefitted. Transportation points inside and outside the oil-producing zones were organized. The Black Gold contest helped to mobilize this great effort.

The Central EPEP

The Central Petroleum Drilling and Extracting Enterprise (EPEP), which covers the provinces of Matanzas and Villa Clara, is credited with 75 percent of domestic hydrocarbon production, obtained essentially from its approximately 170 active wells. They constitute a part of the Varadero deposit, the largest source of heavy crude oil in the country, located south of the beach that bears the same name, and the peripheral areas—Cantel, Serpentina, Caliza, Camarioca, Varadero South, and Guasimas, as well as other smaller ones.

Today it is within the area of this MINBAS [Ministry of Basic Industry] enterprise, which is also a part of Cuba Oil, that there is the most collaboration with foreign oil firms. This has helped somewhat to alleviate the material shortages.

In the year that has just begun, the employees of this enterprise, who are in the main the protagonists in the efforts made in the sector in 1993, are faced with new challenges. They will now continue their decisive investments and extend their efforts to increase the yields of more wells. In this way, they will be able to come close to 1 million tons. This is an attainable, and not a distant, goal. The challenge in 1994 will in addition include assimilation of new technologies, and the continuation and development of exchanges of mutual aid with the oil companies operating in the various areas.

The Western EPEP

The second EPEP in Cuba is that in the western region. Its interests extend to Pinar del Rio and Havana, although the deposits are located in Boca de Jaruco (the largest one), Yumuri, Puerto Escondido, and Martin Mesa.

This EPEP has about 180 operating wells from which it extracted 25 percent of the total 1993 domestic hydrocarbon production (almost 300,000 tons). The oil produced here is of medium density. It is sent to the East Havana Thermoelectric Power Station (in Santa Cruz del Norte) and to other nearby points.

The technical base of this EPEP lies in the Caribbean—Boca de Jaruco—zone, from which 90 percent of this oil is extracted.

The gas and oil pipelines soon to be linked up with the electric power station mentioned above originate at these oilfields. This will make the current transfer of the fuel in drums unnecessary (at present, for example, there is one well there producing more than 100 tons per day thanks to a spontaneous gusher, so that constant rotation of the tank trucks is required). Foreign companies also operate within the territory of this advanced western oil enterprise. They are mainly engaged in "enhanced production," and excellent cooperation has developed in this connection. These relationships will be continued and extended in 1994 to keep pace with the productive goals. According to realistic predictions, new historic records will again be set.

It is not only the magnificent brigade responsible for capital and subterranean well repairs, entrusted with the task of keeping the wells operating and stimulating production, that merits special mention in connection with the 1993 results. It is reported that almost every one of the men participated in this extraordinary effort, despite the shortage of resources, suitable clothing, and footgear, and the extensive technical difficulties. [passage omitted]

Contributions of Domestic Oil

94CA0099B Havana BOHEMIA in Spanish No 6, 18 Mar 94 pp 34-36

[Article by Juan Carlos Rivera]

[Text] The drill bit, or auger, chews into the rock and plunges, again and again, into the entrails of the earth. Its repetitious mechanical movement and the dull, muffled noise of the drilling tires the eyes and wearies the ears. The metal tower that rises 70 meters into the air, the height of an 18-story building, stands solemn and stable despite the accompanying internal movement. The nearby cane fields waiting to be cut give the Pina oil deposit, which is located in the neighborhood of the Ciro Redondo Sugar Mill in Ciego de Avila, a distinctive appearance.

This deposit is not among the largest, but it is regarded by the experts as the most productive, and that which yields the product of the best quality. It belongs to the Majagua Petroleum Drilling and Extracting Unit (Central Basin) and was discovered in 1990. As of that year, the national strategy called for giving priority to exploratory studies at this site. There are now 42 drilled wells in Pina, and 32 of them are being exploited.

Hope can also be dressed in black.

Three drilling teams and a testing brigade work eight-hour shifts. They do rotary drilling for 10 days and testing and extraction for another 12 days, and then they have 240 hours free. Each crew is equipped with a complete trailer complex providing a dining room, kitchen, bathroom, three dormitories, recreation hall, and a family physician's consulting room. In this way, proper material conditions at the site are guaranteed.

I talked with Pedro Leal Cruz, the official in charge at the deposit, about why Pina is so important in terms of the nation's oil expectations. He told me that the quality of the so-called "black gold" depends basically on the API [American Petroleum Institute] ratings (the international index of density) determined and the sulfur content. The hydrocarbon produced in this locality is very light, with an API rating of 32. It contains very little sulfur. Thus, this is petroleum that is rich in special oils and of optimal value, comparable to the best produced elsewhere in the world.

The accompanying gas (70 to 100 cubic meters per cubic meter of oil) is compressed and sent to various customers for use as fuel or in the cutting of metals. This kind of petroleum is the easiest to extract and transport.

"Now we are using it in basic oils. We have light petroleum products here that can be used directly even in the engines of drilling equipment and automotive vehicles (in a mixture of 50 percent crude oil and 50 percent diesel oil)," Leal says. He has been in this business for 33 years, working in jobs including assistant, drilling tower worker, and well chief.

Where the productivity of the deposit is concerned, I was told that the extraction plan for last year called for 40,300 tons. The total actually extracted was 47,962 tons, representing plan fulfillment of 119 percent. The plan for the number of zones to be tested, or oil-bearing sites to be explored, was also overfulfilled by 100 percent. This year's plans call for the extraction of 52,750 tons.

Estimates of the Pina reserves for the next five years have already been completed, and the production forecasts are excellent. Other work planned includes the construction of a collection center and a loading facility. Both of these tasks are now being completed. The collection center will have a tank with a capacity of 1,000 cubic meters and an oil pipeline leading to the railroad loading facility. This will make more efficient and speedy transportation possible. Work is currently being done in collaboration with foreign firms at some wells in this deposit.

The Smell of Sulfur

Regisfredo Aguilera Remodid has traveled almost everywhere in the country in search of vocational advancement. A native of Santiago de Cuba, he studied extraction technology in Havana. He is living now in Guanito because of a love story he did not want to recount, but which from every indication has the smell of sulfur.

When we met him, he was working as the head of an extraction crew—the principal operator—aided by three assistants. While we were there he told us about the fulfillment of safety norms, the zero accident record, and the new wage adjustments that include compensation for the abnormal and hazardous working conditions. He talked about the housing arrangements, the remoteness of the site, and the nocturnal nature of the work. He also indicated his readiness to continue in the oil extraction business, despite the oil and grime on his overalls and the shortage of available soap.

"We need this oil to survive," he confessed with the sincerest of smiles. He introduced me to the other members of his crew, who, like the rest of the 180 technicians, assistants, chemists, and engineers at the deposit, are committed to retaining first place in 1994 in the Black Gold Competition.

Next we talked with Jesus Aguila, the secretary of the Chemical-Mining-Energy Workers' Union in Ciego de Avila, about the stability of the work force employed by the Majagua Basic Unit of the oil enterprise (covering Pina, Cristales, Jatibonico, and Jarahueca, in order of extractive capacity). He said that during certain periods, many workers left, but that situation is now in the past. The work is rather well-paid, and the majority of the workers feel much more needed in this era of shortages.

The new structure of the self-financed unit has led to a certain surplus in the labor force. Because of this, many workers are being retrained or are going to an employment firm that relocates them in various tasks in the cycle. This is possible because our country has several hundred wells under exploitation, as well as collection centers, batteries of storage tanks, small processing plants, and other infrastructure facilities. There are also many kilometers of oil pipeline dedicated to the task of guaranteeing the extraction and distribution of the "miracle" hydrocarbon. The workers in Avila plan to extract 67,000 tons of oil this year.

Overall Environmental Cleanup Plan Under Way

FL2504200894 Havana Radio Progreso Network in Spanish 1100 GMT 25 Apr 94

["First Thing" program health segment by Dr. Miguel Barroso Molina—live or recorded]

[Excerpts] [Barroso] Good morning, listeners. Today we are going to talk about the very important, overall environmental cleanup plan. My guest today is Dr. (Adelaida Ibaz Monet), a specialist in hygiene and epidemiology from Havana Province, whom I welcome to this program.

[(Ibaz)] Thank you very much, Dr. Barroso.

[Barroso] Adelaida, what was the origin of this Overall Environmental Cleanup Plan [Plan Integral de Higienizacion Ambiental]? And let's call it PIHA, to give it an acronym.

[(Ibaz)] Since 1990, because of the restrictions of the special period, there has been a gradual deterioration of the hygiene and health conditions in Havana, and of course in the province as well. This situation has brought with it a whole series of difficulties in supplying water and in chlorinating the water supply. There are also difficulties in treating and disposing of liquid wastes, as well as in collecting, transporting, and disposing of solid wastes.

Along with this has come an increase in the incidence of infestations of different kinds, such as mosquitoes, flies, cockroaches, and rodents. All this brings with it a deterioration in hygiene and health habits, which in turn brings significant changes in the incidence and mortality rates of contagious diseases.

[Barroso] Doctor, what are the contagious diseases that most increase in such a situation?

[(Ibaz)] Among them are acute diarrheas, different types of hepatitis, leptospirosis, etc.

[Barroso] And tell me: Is not cholera among these contagious diseases? What measures are being taken against cholera here in Cuba? Because we know that there is a cholera epidemic, that cholera is practically pandemic, in Latin America right now.

[(Ibaz)] As you have rightly said, the moment this cholera pandemic hit America, our country took pertinent measures, and there is an overall plan, in this connection. Our country is not exempt from risk, of course, and such a thing would do us serious damage, not just to health but also from the economic point of view. [passage omitted]

[Barroso] There is a disease you mentioned that is on the rise right now: leptospirosis. We know that leptospirosis is a disease whose symptoms resemble many other illnesses, because it can cause fevers. Sometimes people even have renal problems; we know of patients who have displayed hematuria and turned out to have leptospirosis. The disease can be benign but it can also be fatal. What strategy are you using to prevent this increase in leptospirosis? [sentence as heard] Which we also know to be a disease caused by animals, right? I mean, it is a zoonosis.

[(Ibaz)] That is correct. Leptospirosis is a zoonosis that is transmitted not just by dogs, as is commonly believed. There are other animals that can transmit the leptospira. The population very frequently raises pigs and other domestic animals that can also transmit the leptospira.

In Havana Province, in particular, as one of the first steps prior to discussing this plan for cleaning up the environment and after the surveying that has been done in the different municipalities, we have begun implementing a plan to eliminate rats. This plan basically entails diminishing the number of rodents in the province and targets certain priority centers such as cane camps, vacation time agricultural labor sites, food program camps, schools and health establishments, and centers where food is processed and sold. [passage omitted]

Roundup of Criminal, Judicial Action

FL2304160394

[Editorial Report] The following is a compilation of fileworthy reports on criminal activity and related judicial actions carried on Havana television in Spanish between 16 and 22 April.

Tele Rebelde and Cuba Vision Networks at 0000 GMT on 16 April report that Alexis Duque Velazquez, the manager of a consignment store in Havana, was arrested for embezzling the profits from three months' work. The crime was detected when an unscheduled audit was performed after employees of the store reported the manager to the local council. Although previous audits had not detected fraudulent activities, on this occasion auditors found that Duque Velazquez had forged contracts to cover up for the 33,000 pesos that he had pocketed.

Tele Rebelde and Cuba Vision Networks at 0000 GMT on 22 April report that three employees of a post office in San Miguel del Padron Municipality, Havana City Province, stole over 126,000 pesos from the state by falsifying money orders, until caught by the Ministry of Communications and the Police, working together. In 1993, they cashed 364 false money orders, each for approximately 300 pesos. They got away with this for a while because of inefficiencies in the postal system. They were also able to operate because other people failed to comply fully and properly with the procedures for paying out and monitoring money orders. "To reconcile 2.5 million in money orders in one year is not an easy task, even if those which are false will be discovered in the end. However, the delay in this reconciliation was causing the state to lose money." "Communications now has a modern system that allows them to detect false money orders quickly."

Haiti

Haitians Seek Asylum in Dominican Republic

FL2604225494 Port-au-Prince Signal FM Radio in French 1030 GMT 26 Apr 94

[Excerpts] How is the situation at the headquarters of the HCR [High Council for Refugees] in the Dominican Republic? Well, 102 Haitian refugees are on strike and occupying the premises of the Council, demanding that the right of asylum be granted to them. So far, no statement regarding the HCR officials' position has been made. [passage omitted]

[Begin unidentified correspondent recording, in Creole] Since last week, over 100 Haitian citizens have occupied the HCR premises in the Dominican Republic and have been on a hunger strike for three days. They ask the United Nations to respect their rights as political refugees. According to statements by their spokesman, (Aurore Walter), the group of Haitians will not leave the office until they have been recognized as political refugees. They also ask that the [word indistinct] authorities respect the agreement the UN Committee for Refugees signed on 25, 26, and 27 September 1992 to protect the rights of refugees. The group of Haitians says the Dominicans must continue to give them legal and moral assistance until Haiti's situation is back to normal.

Several dozen armed policemen [word indistinct] in the yard of the HCR to protect the premises the refugees are inhabiting. So far, the HCR official in the Dominican Republic, [name indistinct], has not made any statements on the situation of this group of refugees seeking political asylum at the UNHCR in the Dominican Republic. [end recording]

Leave UN High Commissioner Headquarters

PA2704202294 Madrid EFE in Spanish 1847 GMT 27 Apr 94

[Text] Santo Domingo, 27 Apr (EFE)—The 101 Haitians who occupied UN High Commissioner for Refugees (UNHCR) headquarters in Santo Domingo on 22 April withdrew from those offices today. Lamarre Germain, spokesman for the Haitian group, said they voluntarily left after reaching a number of agreements, which he did not describe, with UNHCR representative Juan Manuel Castro Magluff.

The agreements, according to Germain, include the acknowledgement that some of his fellow Haitians are political refugees, but he did not disclose how many of them would receive that status. Germain also said Castro Magluff arranged for all of the Haitians to be lodged at a hotel in the high altitude area of the Dominican capital and that, in addition, each of them were given 500 pesos, the equivalent of $40. Germain said the group will remain at the hotel under UN care until each person's situation is individually examined.

Eleven of the 101 Haitians who occupied the UNHCR headquarters were hospitalized and treated for tuberculosis and diabetes, among other diseases. The Haitians, 40 men, 20 women, and 32 children, occupied the UNHCR headquarters to gain political refugee status in the Dominican Republic.

Further on Police Raid in Raboteau

FL2604183694 Port-au-Prince Signal FM Radio in French 1030 GMT 26 Apr 94

[Excerpts] On 22 April, between 23 and 26 persons were allegedly killed in the coastal city of Gonaives, northwest of Port-au-Prince, by soldiers during a police operation staged at dawn in a working-class neighborhood, according to corroborating sources. It is the most serious act of collective repression committed in a provincial city since the 30 September 1991 coup d'etat. The neighborhood [Raboteau], which is the main slum area in Gonaives and is famous for its resistance to the Duvalier dictatorship in 1983, is reputedly home to numerous partisans of President-in-exile Jean-Bertrand Aristide. [passage omitted]

The [Justice and Peace] Commission, which considers an additional investigation necessary for a final assessment of the event, does not rule out the possibility that even more people were killed or injured because the attackers fired on homes at a level that would compel occupants to exit. The Justice and Peace Commission describes the situation in Raboteau as very tragic. The populace, men and women of all ages as well as children, had to flee the area where gunfire was heard throughout throughout the day on 22 April.

The Justice and Peace Commission points out that the 22 April raid, carried out by military troops and well-known members of the Revolutionary Front for the Promotion and Progress of Haiti, followed a first wave of terror in Raboteau after the suspicious burning of tires in the streets. In fact, says the Justice and Peace Commission, the forces of order were looking for a man named Arnault Mtayer, also known as The Cuban, which gave rise to searches without warrants and the sacking of several houses in Raboteau.

Armed Forces Defend Killings

PA2704231094 Madrid EFE in Spanish 2128 GMT 27 Apr 94

[Text] Port-au-Prince, 27 Apr (EFE)—Today, the Haitian Army Staff justified the killing of more than 20 people on the evening of 22 April by soldiers and members of the Revolutionary Front for the Promotion and Progress of Haiti (FRAPH) in Raboteau neighborhood, Gonaives.

In a news release, the Armed Forces High Command said the killings in Raboteau resulted from an alleged act of destabilization plotted by supporters of President Jean-Bertrand Aristide, who was toppled by the military on 30 September 1991. According to the Army, this destabilization plot was part of an alleged scheme concocted by Washington on 21 November 1993 at a meeting attended by members of the government of Prime Minister Robert Malval and President Aristide.

Malval Government Alarmed by Surge of Repression

FL2604222894 Port-au-Prince Radio Metropole in French 1600 GMT 26 Apr 94

[Text] The resigning Robert Malval government says it is alarmed by the surge of repression affecting the deprived classes. It says it is alarmed by the extent of the recent surge of repression hitting the most vulnerable classes of the Haitian population and is warning all the authorities responsible for maintaining order that they are acting against national sovereignty by leaving unpunished those military and paramilitary groups that are devoting themselves to open violence, in defiance of the Constitution, the laws of the Republic, and morality. According to the resigning government, the insane acts reported by the international audio-visual media cast discredit on the Haitian Armed Forces and risk opening the way to interventionist attempts, as much as those brutalities worry the national conscience.

The government asks the commander in chief of the Armed Forces to advise the constitutional authorities on the measures taken to protect the population, and to punish the guilty who act with uncovered faces. Meanwhile, the government, which does not enjoy the cooperation of the forces of order, expresses solidarity with the families who are mourning their dead, their injured, and their missing loved ones in all regions of the country.

Colonel Reports Death of Armed Aristide Followers

PA2804043194 Paris AFP in Spanish 0152 GMT 28 Apr 94

[Text] Port-au-Prince, 27 Apr (AFP)—An undetermined number of armed followers of President-in-exile Jean-Bertrand Aristide were killed over the weekend in the northern region of Borgne during a Haitian Army operation, the local correspondent for Radio Metropole, a private Port-au-Prince station, citing military sources, reported on 27 April from Cap-Haitien (260 km north of the capital).

According to the correspondent who quotes Colonel Claudel Josaphat, military commander of the northern department, the soldiers seized weapons, including a 40 MM grenade launcher, an AR-15 rifle, a Parabellum 9 MM pistol, explosives, and ammunition. The military sustained no dead. A soldier was shot in the foot under circumstances not yet clarified.

The armed followers were led by Marc Lamour, who served as Constituent Assembly member in 1987. He was also deputy delegate for the region during the mandate of Father Aristide in Haiti. The same source added that this operation was prompted by an attack by two Marc Lamour followers on a military post at Petit Bourg du Borgne (50 km west of Cap-Haitien) on the evening of 7 April.

Several people were arrested in Borgne and in the neighboring towns of Port Margot and Limbe. Among them was Borgne Mayor Belizaire Fils-Aime, who was arrested on 8 April for crimes against state security. The OAS-UN international civilian mission and the U.S. Embassy in Port-au-Prince expressed concern for Fils-Aime and his family.

On 27 April, a reliable source from Cap-Haitien confirmed to AFP over the telephone that three trucks loaded with soldiers returned on 26 April after carrying out operations over the weekend in the rural area of Bassin Caiman, a cavernous region north of Petit Bourg du Borgne. The soldiers combed the area after firing mortars at a cavernous area of about two square km where the presence of armed men had been reported. The source was unable to determine the death toll.

The Haitian Army accused Aristide of initiating an armed operation known as "Operation Cut Iron" to "destabilize the state" since he delivered a speech in Creole in early 1994 from the United States. In the speech, Aristide extolled Jean-Jacques Dessalines, author of the 1804 Haitian independence and the slogan "Coupe tetes, brule cayes" (cut off heads, burn houses) that was used against French expeditioneers of that time.

Aristide spokesman Jean-Claude Martineau denied this charge. Speaking from Washington to Haitian stations over the telephone, Martineau pointed out that the military is trying to blame others for its own "crimes." Members of the OAS-UN civilian mission had planned to travel to Borgne and Gonaives on 27 April, where 28 people, according to the most recent estimates, died on 22 April during a police operation in the low-income neighborhood of Raboteau.

Monde: End Talks, Install Government, Die Together

FL2604220594 Port-au-Prince Radio Metropole in French 1800 GMT 26 Apr 94

[Passage within quotation marks in Creole]

[Text] The president of the Chamber of Deputies announced that the executive power vacuum will probably be filled this week. Frantz Robert Monde, reporting on the consultations begun last week, indicated that the majority of sectors he met with expressed concern about this vacuum. The Chamber of Deputies is scheduled to meet soon to choose the constitutional formula required within the current context, according to President Monde who expressed himself during a news conference today:

[Begin Monde recording] At least if the Haitian Armed Forces had said no, but President Aristide said yes, we could make them meet and see what is negative in this plan. From there, we could then manage to find a consensus between the two protagonists of the crisis. But, one said no, and because he said no, the sanctions must be reinforced. This is an aberration. I therefore say that if the sanctions are reinforced, "greeting or not greeting your enemy is the same thing; he will eat you up anyway for something you did." Close the door on all negotiations, install a government, and agree to die together. [end recording]

U.S. Coast Guard Repatriates 98 Refugees

FL2604181194 Port-au-Prince Radio Metropole in French 1045 GMT 26 Apr 94

[Text] Almost 100 Haitian boat people were repatriated on 25 April to Port-au-Prince by a U.S. Coast Guard patrol ship that intercepted them. The 98 refugees, who were trying to reach Florida on board a makeshift boat, were intercepted on 22 April in the Windward Passage between Haiti and Cuba. The boat people, including three children without parents, sailed from the island of La Tortue.

It should be recalled that on Saturday, 95 Haitians, survivors of a shipwreck on an island of the Bahamas, were repatriated by plane from the Bahamas to Port-au-Prince.

Black Caucus Delegation Meets Politicians

FL2604140694 Port-au-Prince Signal FM Radio in French 1030 GMT 25 Apr 94

[Report by Luckenson Jean—recorded]

[Excerpts] [passage omitted] At the initiative of the unofficial office of the Senate of the Republic, presided over by Senator Bernard Sansaricq and that large group of senators elected on 18 January who are contested, a meeting took place at the Senate at approximately 1100 on Saturday, 23 April between a delegation of Republican congressmen from the Black Caucus and several Haitian opposition political parties and groups. The delegation of Black Caucus Republican congressmen was headed by Dr. (Thomas Ferguson), its chairman. [name and title as heard] (Ferguson) was accompanied by his wife (Siegrid Furguson) and by (Lerone Toltson), executive chief, assisted by Mr. (Herb Barsman).

The chairman of the Republican Black Caucus, Dr. (Furguson), stated he came to Haiti so as to inform the [U.S.] Congress all about what the delegation sees during its stay in Haiti. The delegation did not come to interfere in the nation's political affairs because Haitians have enough experience and education to solve their problems by themselves. [passage omitted]

Dr. (Furguson) went on to say that Haitians are determined people, and they can manage to establish democracy in Haiti. If foreigners do not want this, those who do not agree should leave Haiti and go home. Dr. (Furguson) said he talked with the Army commander in chief for two hours. He talked to them [not further identified] so they can help the Haitian people establish law and democracy. (Ferguson) forcefully condemned those who are asking that the embargo against Haiti be strengthened. [passage omitted]

After Dr. (Ferguson's) speech, more than 12 political leaders or heads of people's organizations presented their grievances to the black Caucus senator [position as heard], hoping he would pass their messages on to President Bill Clinton.

The secretary general of the Revolutionary Front for the Promotion and Progress of Haiti, which is the neo-Duvalierist party headed by Toto Constant, presented a somber report on Haiti for the period from 29 November [1987] to the present. Secretary General Constant seized the opportunity to ask the people of the United States, as a people, that is, in his opinion a moral people, to help the young Haitians who are the future of Haiti so they can rebuild the country and set it on the democratic track. [passage omitted]

For his part Hubert de Ronceray, leader of the Mobilization for National Development, one of the biggest opponents to President Aristide's return to power in Haiti, said, in a speech approximately 15 minutes long, Dr. (Ferguson's) presence in Haiti constitutes a guarantee for the progress of the democratic struggle. De Ronceray considers (Furguson) the ambassador for the Haitian cause. [passage omitted]

Unionist Jean-Auguste Mesyeux; Dr. Sylvan Jolibois, leader of the Patriotic Urban and Rural Union; and Richard Vladimir Jeanty, leader of the Haitian Party of God joined the president of the Senate of the Republic and Hubert de Ronceray in forcefully condemning the embargo.

In conclusion, Senator Bernard Sansaricq, president of the unofficial [Senate] office, who spoke like a prophet, asked Dr. (Furguson) to ask President Clinton to change his policy toward Haiti and to ask Ellen Cosgrove, a political officer of the U.S. Embassy in Haiti; Stanley Schrager, U.S. spokesman in Haiti; and Ambassador William Lacy Swing to stop interfering in Haitian political affairs because they, in the Senate of the Republic, are working very hard to find a solution to the Haitian crisis.

Finance Head Cites Agreement With U.S., Canada

PA2704184194 Mexico City XEW Television Network in Spanish 0430 GMT 27 Apr 94

[Telephone interview with Pedro Aspe, finance and public credit secretary, in Washington, by Jacobo Zabludovsky, in the Mexico City studio; from the "24 Hours" newscast—live]

[Text] [Zabludovsky] The finance secretaries of Canada, the United States, and Mexico, as well as the directors of the three respective central banks, signed an agreement in Washington this morning. Could you tell us what was signed?

[Aspe] Today at the U.S. Treasury Department, we signed an agreement that has, basically, three components. In the first, the reciprocal $6-billion line of support [linea de apoyo] between the United States and Mexico was ratified. In the second, Canada, forming part of a trilateral effort involving the United States, Canada, and Mexico, joins the U.S. and Mexican effort with an additional financial line of support for 1 billion Canadian dollars. The third component creates a consultation group called the Financial Group of North America [Grupo Financiero de America del Norte].

[Zabludovsky] Could you please explain the importance of these agreements?

[Aspe] Regarding the reciprocal line of support, I have two comments. The first one is that the reciprocal line of support with the United States was ratified, and now it has been made permanent; this is what is important. These lines of support existed before, but they were temporary and had fixed deadlines. Now, fortunately, within the framework of an atmosphere of cooperation as equals, we have been able to make this $6-billion line of support permanent.

Second, Canada's participation, also on a permanent basis, represents big support. Previously, we had a 200-million Canadian dollar line of support with Canada; this has been multiplied by five and now amounts to more than 1 billion Canadian dollars.

The third component, and perhaps the most important, is that this financial group, called the Financial Group of North America, has been created. The three finance secretaries and the three directors of the central banks of these three countries will meet periodically to coordinate macroeconomic policies and to make economic and financial consultations. This is a most important step in this era of global and interrelated markets.

[Zabludovsky] Has Mexico used the U.S. $6-billion line of support?

[Aspe] No. Fortunately, we have not had to use it. We could have been using it since 25 March, but we have an adequate level of reserves, and for this reason we have not drawn from this line.

[Zabludovsky] The creation of this group, which goes into effect today, reminds me of what was done in Europe with the creation of a credit and monetary unit. Is there any similarity?

[Aspe] Yes. A financial group similar to the one the United States, Canada, and our country created today was created by the European countries some time ago. During the first phase, which is the only one to which we have committed ourselves so far, we will exchange information and make consultations on macroeconomic matters.

In Europe, this eventually resulted, as we all know, in the European central banks' offering each other total support. We are in the first phase that involves more interrelation and periodic meetings. The deputy directors of the central banks and the under secretaries of the three treasury departments will meet four or five times a year. The heads of the central banks and the finance secretariats, or treasury departments, will meet at least once a year to coordinate our policies.

This is very important for Mexico because in this way we will have access to key information, considering that both the United States and Canada are members of the Group of Seven, and, therefore, we can secure a lot of information within the framework of this new relation between the two countries.

[Zabludovsky] I want to take advantage of my conversation with you to broach a Mexican domestic problem. As a result of the tragic and cruel death of Luis Donaldo Colosio, financial markets have been upset; how has this affected Mexico?

[Aspe] Domestic markets were obviously negatively affected as a result of the brutal and unfair assassination of Luis Donaldo Colosio.

Furthermore, two virtually concurrent events took place abroad, which I would like to comment on later to explain how the Salinas administration handled the situation. The two negative events that took place abroad are that during the first few months of 1994, interest rates in the United States increased considerably. You may recall that long-term interest rates in the United States were approximately 5 to 5.5 percent only three months ago, and at present they are well above 7 percent, meaning interest rates have increased in the United States, and this has had negative repercussions throughout the world and, of course, in Mexico.

The second negative international occurrence we have encountered is that the stock markets of all the emergent economies—the word emergent has been used to describe countries such as Chile, Thailand, Malaysia, Argentina and, of course, Mexico—suffered considerable reductions during the first few months of the year. This was due in part to the fact that many of the investment funds that purchase shares on the emergent international markets did so—to use the jargon of economists—through connections [apalancados]; in other words, they did so with loans to purchase shares. When shares increase in value there is no problem, but when they lose value these international funds have to sell shares to maintain their collateral and guarantees, intensifying the downward trend. This is why markets in Thailand dropped 30 percent, 25 percent in Malaysia, and the same happened in Argentina, Chile, and Mexico. There can be no question, however, the hardest blow to the economy was the tragic death of Luis Donaldo Colosio.

[Zabludovsky] What has the government done to deal with these three events: the increased interest rates, the problems on the emergent markets in general, and the dramatic domestic situation.

[Aspe] The Salinas administration has done the following: First, it allowed markets to adjust themselves; by this I mean the stock market first made a downward adjustment in an orderly manner. Suffice it to say there were no irregularities in this considerable adjustment of the first few months of the year; instead, it was a mature and orderly adjustment.

Second, interest rates were allowed to increase on money markets, thus raising the interest rates, which had gradually dropped over the past few months until they were below 9 percent, and then they increased and doubled until they reached 18 percent.

Third, the exchange rate within the range of the agreement depreciated to the very lowest point of that range, to approximately 8.5 percent.

Fourth, we activated the so-called lines of reciprocal support between the central banks of the United States and Mexico and between the two countries' treasuries for the amount of $6 billion.

Fifth and sixth, and quite importantly, firm fiscal policies were maintained. We have a nonfiscal deficit mandate from Congress and we have held firm to guarantee that in 1994 we will not have any fiscal deficit whatsoever.

To conclude, the central bank, the now autonomous Bank of Mexico, has observed a cautious monetary policy; in other words, it has not resorted to the easy way out. We know how easy and painful it was in the past to mint bills and to attempt to say there was no problem. We have handled the situation with a cautious monetary policy.

It is obvious markets can be adjusted, and that has been our economic policy. The initial effect is that we have been able to absorb most of the uncertainty with measures such as these. As the days go by, we obtain more information and because the instruments of economic policy are already at work, we can begin to reverse these phenomena. Thus, the Mexican stock market hit bottom and then gradually began to rise, with market decisions and without state intervention. Interest rates, which had doubled, as I said earlier, are decreasing gradually yet consistently. We have thus dealt with such negative effects with an economic policy which exhibits vision, direction, control and which expresses President Salinas' economic policy.

[Zabludovsky] Will the dollar exchange rate remain within range, or might there be some trauma?

[Aspe] What we have observed over the past few days is that the exchange rate went from the lower levels of the range to the higher levels with a depreciation of approximately 8.5 percent and remained there for several days. What I have observed over the past few days is that there has been a slight (?reevaluation) of the exchange rate. Why? Because we are distributing the adjustment so that it will not focus solely on the exchange rate. Partial adjustments must be conducted on interest rates, fiscal policy, monetary policy, and the exchange rate; this is why, over the past few days, we have seen an initial reversal of the trends we observed a week ago.

[Zabludovsky] Do you believe the goals of the agreement pertaining to inflation and the recovery of Mexico's development and progress can be maintained? There was talk of 5-percent inflation. Do you believe that is still a feasible goal?

[Aspe] Of course. Last year, between December 1992 and December 1993, we had 8-percent inflation. In the agreement, in fact, we set a goal of 5-percent inflation for this year. I have already been informed that during the first three months of 1994—you, in fact, have disclosed the figures for March—we have had an annual inflation rate between March 1993 and March 1994 of 7 percent. This means that we have gone from 8 percent to 7 percent and that it is obvious that to the extent to which we adhere to our economic policy, inflation will continue to decrease, and we will virtually achieve the goal we set for ourselves in the agreement.

Meanwhile, from the economic recovery standpoint, recovery began once NAFTA was signed last November. We have seen a gradual increase in industrial production; it has been gradual, nothing spectacular, but it has been consistent in December, January, and February. We must acknowledge these things. When all the events I described earlier took place and interest rates jumped, our recovery could have been affected, but to the extent fiscal and monetary policies are maintained, to the extent we are able to distribute these negative effects among various instruments as we have done, to that extent the increase in interest rates will be temporary, and, therefore, its effects on our recovery will be passing. Once interest rates return to their normal level, recovery will continue. I believe we have seen negative effects, an active economic policy, firmness, direction and temporary effects, but I believe we will be able to prevent this from having a permanent effect on recovery.

[Zabludovsky] Can you speak with full confidence in Mexico's financial and economic future?

[Aspe] The word confidence is something that is obtained gradually over a span of years. It is obtained by persistence and consistency. I especially believe confidence is earned not only during easy times when everything is going well. I believe President Salinas' economic policy has succeeded at times when things were not going our way, when there were such negative, sad, and painful events, such as those at the end of the first quarter. Nevertheless, the fact we have not made violent changes, that we have stayed on our course and displayed consistency and perseverance will earn us the people's confidence, and in the end will allow the markets to play their roles and prevent these incidents from doing permanent damage to the country.

Secofi Will Not Yield to U.S. Tariff Pressures

PA2804051594 Mexico City EL FINANCIERO in Spanish 27 Apr 94 pp 1, 22

[Report by Jose Luis Gaona and Lucia Domville]

[Text] Herminio Blanco, under secretary for international commercial negotiations of the Commerce and Industrial Development Secretariat (Secofi), has said Mexico will not yield to U.S. Government pressures to expedite tariff elimination of 600 items because currently "it is too early to renegotiate the chapter on market access" and because conditions for the three countries to modify the treaty have not changed.

Secofi believes that greater tariff elimination can take place in one or two years when the dynamics of NAFTA integration have changed market conditions or when the sectors have made strategic alliances, joint-ventures [preceding word in English], or mergers, but not just four months into the trilateral pact.

The topic of tariff elimination has become a "thorny" issue between the Mexican and U.S. Governments, to such a degree that Canada's Minister of International Trade Roy MacLaren told EL FINANCIERO that it is "a bilateral affair."

The United States, in press statements, has said that "it will exert pressure until it gets the greatest possible number of tariff reductions" from the list of 600 items published in the March issue of the Federal Register. Meanwhile, Secofi Secretary Jaime Serra Puche and Under Secretary Herminio Blanco agree that "if there is no agreement with private enterprise and no consensus between the government and businessmen in Mexico, no tariff elimination will be negotiated."

NOTIMEX reported that the telephone conversation planned yesterday between U.S. Trade Representative Mickey Kantor and Jaime Serra Puche was postponed until Wednesday. A reliable Mexican source said decisions are still at a "preliminary" level, despite the closeness of the established deadline (120 days from 1 January).

Private sector sources say that while the United States is in a hurry to gain concessions as soon as possible (before Congress goes on summer holidays), Mexico does not want to grant any more concessions until it sees the results of what it has already negotiated. In fact, they said that U.S. demands—included in two lists, the first with 600 tariff items and the second with more than 1,000—are so pretentious that they seek to eliminate tariffs as if the two countries were operating under the same conditions. They added that even though the United States claims that the Mexican tariffs are "too high," they should not forget that the difference in tariffs represents the negotiation between an industrialized country and a developing country.

Jaime Serra Puche warned that Mexico is only interested in taking to the negotiating table four groups of products: shoes, fruits, vegetables, and preserves. The United States, however, wants to negotiate under Article 302, Part 3, their lack of participation throughout negotiations.

Herminio Blanco explained that they decided to include the NAFTA clause to give the text flexibility in case there were future changes in the economic situation, or in the event of joint-ventures or mergers between the country's industries. U.S. sources said Herminio Blanco warned businessmen that Mexico "has no commitment to reduce tariffs" and will only do so if they are accepted by Mexican production plants. Blanco admitted that "it is too early to renegotiate the market access chapter," because in four months of NAFTA operations, conditions have not changed. Blanco contends that within a year or two the tariff renegotiating process could become an issue.

U.S. sources commented that within the next few weeks, the Federal Registry will publish what products are in the first round of negotiations. They believe that these will be goods that both countries agree require tariff reductions This includes frozen white potatoes, rice, crude sunflower oil, prepared peaches, wines, tobacco products, chemical and pharmaceutical products, wood and paper products, shoes, ceramics, glass, and home appliances.

Companies Seek More Trade Opportunities With Cuba

PA2704023694 Mexico City EL FINANCIERO in Spanish 22 Apr 94 p 10

[By Claudia Villegas]

[Text] Havana, 21 Apr—More than 40 Mexican companies will begin trading with Cuba because of all that country has to offer, declared Diego Fernandez Roos, head of the CEMAI [Mexican Businessmen's Council for International Affairs] Latin America Coordination Committee.

During the 11th full session of the Mexican-Cuban Businessmen's Commission, the CEMAI established closer ties between Mexican businessmen and Cuban authorities to make the initial contacts that will allow more trade between the countries.

In an interview with EL FINANCIERO near the end of the businessmen's visit to Cuba, Fernandez Roos declared that there is a lot of disinformation about Cuba's economic situation and its capacity to become a real trading partner with Mexico.

Trade between Mexico and Cuba currently amounts to only $150 million with a positive balance in favor of Mexican businesses. The chemical, agricultural and livestock, health, and construction sectors are among the most attractive areas for investment. The CEMAI representative believes political issues should not affect the choice of an export destination, as is the case with Cuba.

One of the most important companies participating in this business meeting is Jugos de Valle, a corporation that considers Cuba to be among its most attractive export markets. Manuel Albarran, director of the company's international development department, asserted that any company that is planning to go to international operations should consider Cuba because it is practically a "virgin" market. He said the prospects for introducing bottled drinks to the island are particularly interesting because they imply introducing new products into the consumption patterns of the Cuban people, a market of more than 12 million people.

Albarran, who described the 11th meeting of the Mexican-Cuban Businessmen's Committee as a complete "success," declared that Jugos del Valle has not ruled out the possibility of making direct investments in Cuba.

Diego Fernandez explained that Cuba is ripe for foreign investment and asserted that Fidel Castro's government is seeking to widen the island's economic opening. He added that although the CEMAI has held 10 meetings between Mexican businessmen and Cuban authorities, there has never been so much interest shown by the two parties to increase commercial relations.

Aside from the Cuban Government's large investments in Mexican corporations such as Cemex, Television Azteca, and Mexipetrol, there are midsize companies that view Cuba as an interesting trading partner able to fulfill its payment commitments.

The National Foreign Trade Bank (Bancomext), in collaboration with the CEMAI, sent invitations to Mexican companies interested in negotiating with Cuba, which has faced a U.S. Government economic embargo for more than two decades.

Francisco Callarisa Salcedo, sales director of the Mac'Ma group—cookies and pasta makers—declared the Cuban market could become an important consumer of Mexican products. He added that it seemed illogical that although Mexico is only a two-hour flight from the island and only a day and a half by boat, countries like Spain— Cuba's second largest commercial partner—and France are conducting such a large amount of business with the Caribbean nation.

Optimistic about statements Cuban authorities will make at the "The Nation and the Emigrants" meeting, the first held since the Cuban Revolution, Mexican businessmen are convinced that Cuba is going through a period of change in which Mexico must participate.

"The Nation and the Emigrants" meeting begins today with the attendance of Cuban emigrant organizations such as Cuba Libre and with the certainty that Fidel Castro, the island's leader, has not suffered any attack, according to reports from Cuban Government sources. Cuban Minister Roberto Robaina will for the first time address Cuban emigrants, most of whom live in the United States, on the topic: "The Relationship between the Nation and the Emigrants: Current Status and Prospects."

Private Sector Measures for Foreign Trade

PA2704173894 Mexico City EL FINANCIERO in Spanish 22 Apr 94 pp 1, 18

[Report by Jose Luis Gaona, Georgina Tristan, and Lucia Domville]

[Text] In the government's program for the six-year period between 1994 and 2000, foreign trade will be one of the pillars of the Mexican economy. Thus, private sector organizations have presented a package of measures, the most important of which are:

- Total deregulation of trade and the creation of a one-step procedure for national exports.
- Refinement of the country's economic opening with the strict implementation of mechanisms to curb unfair trade practices, because the government has only used dumping [previous word in English] to combat the entry of products from other nations.
- The government must grant to national exporters the same support (covert subsidies) other governments extend to their businessmen, as is particularly true of the United States and Canada.
- The next administration must finally break off its connections with mafias and end corruption in the country's customs offices. It is the only way to ensure the honest entry and departure of merchandise and to eliminate contraband to Mexico.

The private sector believes over the next six years international trade policy should attempt to encourage development banks to make loans at competitive international rates, eliminate bureaucracy and excessive guarantees, and allow loans to indirect exporters.

Representatives of Mexican Employers Confederation, National Association of the Processing Industry, Confederation of National Chambers of Commerce, National Association of Mexican Importers and Exporters, and Conacex [expansion unknown] have proposed certain foreign trade policies such as flexibility in commercial openness, which has been exercised in our negotiations with South American countries (Chile and the Group of Three), in order to evaluate trade agreements with other countries.

These organizations have proposed broad-based negotiations by goods and services groups. They have called for honesty in the negotiations process, whereby the community will be informed beforehand of the scope of negotiations, and for the institutionalization of the work plan jointly prepared by the government and the private sector for the North American Free Trade Agreement.

The business organizations are advocating gradual negotiations because it is fundamentally important to establish deadlines for the opening of the various sectors. Openings that are too broad or too rapid might undermine the sector's ability to adjust to change, and they may negatively affect its productive structure.

It is necessary to have a propensity toward exports, to which the organizations have recommended the creation of a culture of exportation. Presently, there is considerable assembly plant and export activity by foreign companies. Certain Mexican consortiums have been successfully exporting; it is possible to capitalize on this through a plan to integrate firms of various sizes that conduct indirect exports. Added to the problem of exports are the promotion policies and mechanisms that have been used thus far, which require the import sector's increased involvement in organizations that promote exports.

One aspect of regional development is the need to develop the private productive nature of organizations and regions concurrently with regional export activities. Unfair trade practices such as dumping [previous word in English] and contraband have harmed the productive infrastructure, making it necessary to divulge, implement, and place within the reach of medium- and small-sized businesses the legal mechanisms with which to avoid them. Furthermore, considering these mechanisms can be refined, the process should be accelerated.

Customs must face the challenge of assimilating and carrying out all changes; it is a key operational factor to be able to rely on a customs system that is trained and efficient.

The business groups addressed the need for a single organization responsible for promoting agricultural foreign trade; this organization would have three duties: To examine competitive national products.
To identify foreign markets, and
To establish an information system.

The business organizations say the development of the border area requires administrative deregulation and incentives to increase the competitiveness of border trade. Also required are consistent foreign trade policies that will allow nationals as well as foreigners to conduct long-term investments or coinvestments that will foster employment, the demand for raw materials and exports.

Salinas Creates Public Security Coordinating Board

PA2704121694 Mexico City XEW Television Network in Spanish 0430 GMT 26 Apr 94

[From the "24 Hours" newscast]

[Text] On 25 April, Mexican President Carlos Salinas created the Coordinating Board for the Nation's Public Security [Coordinacion de Seguridad Publica de la Nacion] to improve efficiency in the operations of institutions involved in national public security, to carry out preventive actions, and to pursue crimes.

Its coordinator will be Arsenio Farell Cubillas, who until today was the secretary of labor and social welfare. The coordinating board will be under the Presidency of the republic. The board will coordinate national public security matters determined by the executive, and it will establish coordination mechanisms with the Attorney General's Office of the republic and the Attorney General's Office of the Federal District to increase their efficiency.

This coordinating board will propose the establishment of efficient and timely channels of communication among the Secretariats of Government, National Defense, and the Navy, as well as the Federal District Department to safeguard public security. This board will propose and reach coordination agreements with the states' attorney general's offices for the same purpose.

This decision by the chief executive, which was revealed hours ago, states that the situation facing Mexico underscores the need to coordinate the actions of the national public security corps and the need to improve their prevention and pursuance of crimes. It adds that society in general demands that the government redouble actions against impunity and the violation of public order, while respecting human rights. This board will start operating tomorrow.

The National Security Cabinet met at the Los Pinos Presidential Residence. The meeting was attended by the secretaries of government and national defense, chief of the Federal District Department, the republic's attorney general, the district's attorney general, director general of the Center for National Research and Security, and the chief of the presidential office.

This information is contained in a bulletin issued on the evening of 25 April. We think it is evident that the work done by existing institutions is insufficient in view of the magnitude of the challenge posed by the criminals. The institution that was born today is a sort of super-attorney general's office with the size demanded by society as a result of the growing problems posed by crime and violence.

President Salinas thus reacted to a public demand, a demand from society to fight vigorously against impunity, organized crime, and the proliferation of weapons because everyone bears pistols here. The presence of Arsenio Farell as coordinator is a guarantee. He was born in Mexico City in 1921. He earned a Bachelor and Doctorates Degree at the National University's Law School. He is a litigant lawyer, professor, public official, and author. Farell is qualified for this new post. He has what one expects of a coordinator: firmness and vigor, respect for the law, and respect for its enforcement. We expect him to comply with and to ensure compliance with the law.

PRI To Choose Local Candidates Via Conventions

PA2704044694 Monterrey EL NORTE (Foreign Edition) in Spanish 26 Apr 94 p 1A

[Report by Georgina Solis]

[Text] Mexico City—Yesterday, the PRI [Institutional Revolutionary Party] National Political Council decided that the selection of its candidates for senator, federal deputy, and assembly member will be made through open conventions with democratically elected delegates. The procedure will also be employed to select candidates for governor in the states of Chiapas and Tabasco, based on the agreement that was unanimously approved by the 201 council members who attended the 15th plenary session.

PRI sources indicated the statutory procedure of direct consultation with rank-and-file members was ruled out, because the party could be splintered when it reaches the 21 August elections. They added that requesting the nominations of candidates, a statutory procedure, will be announced some time between today (Monday) and tomorrow, and that conventions will be held statewide next week.

In internal meetings, the PRI's regional and territorial structure will elect the delegates to the conventions. The council also agreed that if a convention cannot be held, the State Political Council or the Federal District Political Council will choose the candidates. It also agreed that the state board or Federal District board will seek consensus and conciliation regarding those people who may be the most faithful representative of the PRI's ideology and run with the greatest possibility of winning.

During the 15th plenary session of the PRI's top body, the delegates approved a report read by PRI National President Fernando Ortiz Arana in which he said the party will never stop demanding justice and the clarification of the murder of its presidential candidate Luis Donaldo Colosio. "In view of the outrage inflicted upon us, today, we are reiterating our demand that the investigations into the incident that brought mourning to Mexico fully explain motives and establish responsibilities," Ortiz said.

Ignacio Pichardo Pagaza attended this meeting as PRI secretary general and announced the procedures and conditions for choosing the candidates for governor, senator, and deputy.

PAN Candidate Agrees to Debate; Zedillo Comments

PA2604230394 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 26 Apr 94

[From the "Early Morning" newscast]

[Text] Diego Fernandez de Cevallos, presidential candidate for the National Action Party [PAN], is in Chiapas, where he commented on the debate.

[Begin Fernandez de Cevallos recording] I believe Dr. Zedillo suggested the three main parties hold the first debate. I, however, am willing to attend debates with the other candidates. We all have the right to participate. It would be practically impossible to have all the candidates in the same place at the same time, but I am open to the idea, and the other candidates will find that I am very willing to participate with them in many debates. Perhaps we can soon set dates to debate national issues and our political proposals with other candidates. [end recording]

[Further on in the same newscast, there is a recording of Institutional Revolutionary Candidate Ernesto Zedillo responding to Fernandez de Cevallos' acceptance of the debate invitation: "I am very pleased to know that a least one of the candidates I invited to this debate has responded in the most constructive manner possible. He has even suggested a date, 3 May, and a debate format. This encourages me, and I would like to tell the candidate who answered my invitation that I accept the date he suggested."]

PRD Candidate Accepts Invitation

PA2604230794 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 26 Apr 94

[From the "Early Morning" newscast]

[Text] Cuauhtemoc Cardenas, presidential candidate for the Party of the Democratic Revolution [PRD], has responded to Ernesto Zedillo's, presidential candidate for the Institutional Revolutionary Party [PRI], invitation to debate. Cardenas suggested 16 May for the debate.

[Begin Cardenas recording] I have accepted the debate invitation made by the ruling party's presidential candidate. Furthermore, I had asked for this debate and had expressed my wishes to the PRI and PAN [National Action Party] candidates. We are in contact now to establish the format for this first debate. I think it should be held on 16 May. This may be a debate between three candidates, but it is important that all presidential candidates have a similar opportunity before 21 August. I hope Dr. Zedillo and I will have several opportunities to present our ideas and proposals to the voters.

We want to overcome the political, financial, and social crisis we are experiencing. The only solution is a democratic transition. We demand a clean and democratic campaign. Likewise, we demand clean and democratic elections so a truly legitimate, clean, and democratic government will be elected.

I wish to reiterate my invitation to Dr. Zedillo so we can meet several times before 21 August. I think these debates will be the best way for voters to see what each candidate represents, the interests the candidate represents, and what the candidate can do for the voters and the country. I hope these debates will contribute to your knowledge of the candidates and that your vote will further our country's progress and democracy. [end recording]

After hearing Cardenas' response, Ernesto Zedillo sent a letter to the PRD candidate stating the following:

The people will decide objectively if our proposals are contradictory in this campaign. I do not agree with your attempts to disqualify other candidates registered by law, nor can I agree with your attempt to underestimate other parties that represent the ideological plurality and diversity of the country's political life. I wish to reiterate that my invitation said I trust that throughout the campaign there will be opportunities to compare positions with all candidates from all parties.

Candidates View Zedillo's Debate Call

PA2704035094 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 26 Apr 94

[From the "Early Morning" newscast]

[Text] Presidential candidates of small opposition parties have termed the debate positive, but demanded that it be more open and that all candidates be allowed to participate.

[Begin recording] [Alvaro Perez Trevino, presidential candidate for the Authentic Party of the Mexican Revolution] Honestly, no debate has been agreed upon because, in reality, no candidate has grabbed the bull by the horns. Now Dr. Zedillo has dared to launch this initiative. It is alright because if this initiative would not have been presented, no debate would occur.

[Rafael Aguilar Talamantes, presidential candidate for the Cardenist Front for National Reconstruction Party] I will always maintain that a debate must be pluralistic and democratic, without exclusions. If there are no guarantees that all candidates are treated with respect and equality, I would not participate in debates of this nature.

[Marcela Lombardo Otero, presidential candidate for the Popular Socialist Party] If we want to strengthen and expand the political-democratic system in the country, it must be done by expanding and strengthening the multiparty system, which enriches proposals and projects anywhere in the world.

[Jorge Gonzalez Torres, presidential candidate for the Mexican Green Ecologist Party] We are happy to be part of the group of political parties that have been set aside. These parties have not been considered for the possibility of debating at this level, and the possibility of gaining access to the presidency. Well, at least that is what they believe, but the reaction of neglected parties will be very powerful.

[Pablo Emilio Madero, presidential candidate for the Mexican Democratic Party] We are all presidential candidates, there are not only three candidates. Therefore, it would be inappropriate to hold the debate only amongst three people.

[Unidentified reporter] How would you propose that the debate be held?

[Madero] All candidates should be allowed to participate at the same time, with the same lighting, the same cameras, the same journalists, the same audience, and on conditions of equality. This will permit citizens to appreciate what each candidate is proposing. [end recording]

Roundup of Economic Developments

PA2704154794

[Editorial Report] The following is a compilation of reports on economic developments monitored through 26 April.

Jacques Rogozinski, director of Banco de Obras Publicas and formerly in charge of privatization, has reported the privatization of the parastate and banking sectors has netted $24 billion in revenues for the country's treasury. He explained the resources allowed the Mexican Government to reduce internal and external debts and devote more budget funds to the country's social sectors. (Mexico City NOTIMEX in Spanish 1550 GMT 19 Apr 94)

Federal Electricity Commission officials have reported the federal government has decided to maintain subsidies for energy rates "for several years." This decision applies to energy for domestic use and irrigation purposes at farms. (Mexico City EL FINANCIERO in Spanish 19 Apr 94 p 15)

According to reports by the Mexican Stock Exchange and analyses by stock brokerage firms, the capital withdrawn from the stock market rose to $11.39 billion between 24 February and 15 April. Stock market reports view "the exit of foreign resources" together with political uncertainty and the increase in interest rates in the United States as factors that determine investors' decisions. (Mexico City LA JORNADA in Spanish 19 Apr 94 p39)

In just seven weeks, the Bank of Mexico increased its holdings of government bonds by 168.8 percent, which went from 33.2 billion new pesos on 15 February to 89.26 billion pesos on 15 April, due to a drop in foreign and domestic investments. Domestic investors dropped their holdings by 15.1 billion pesos, while foreign investors dropped theirs by 3.23 billion pesos. (Mexico City EL FINANCIERO in Spanish 19 Apr 94 p 7)

Credit Suisse and Bancomer have signed an agreement worth 20 million francs to help Mexican firms that need to import machinery and industrial equipment from Switzerland. Meanwhile, private bankers, speaking at the monthly meeting of the Mexican Banking Association, AMB, said "there is no danger of a devaluation," and financial market nervousness is due to a "speculative bubble that is basically political." President Salinas and the economic cabinet met with AMB President Roberto Hernandez, and Salinas said "there will be no changes in the country's political, economic, and social course." (Mexico City EL FINANCIERO in Spanish 21 Apr 94 pp 7, 4)

There has been an "explosive" growth in Mexican air transport. In 1993 alone, there were 76,000 contracts to move merchandise, which earned $45.5 million for nine domestic airlines and approximately $34 million for international carriers. According to the National Institute of Geography, Statistics, and Data Processing, INEGI, the January trade deficit reached $1.4 billion, despite the fact all nonoil sales increased compared to the 1993 figures. Mexican exports during January totaled $4.91 billion, a 17.2-percent increase. Imports totaled $5.5 billion. (Mexico City EL FINANCIERO in Spanish 22 Apr 94 pp 15, 20)

The Cemex Group will invest $400 million during 1994 to "increase its productive capacity in Mexico." Cemex believes this rate of investment will continue over the next three years at least. Cement production is estimated at 600,000 tons by 1996. (Monterrey EL NORTE (Foreign Edition) in Spanish 22 Apr 94 p 23a)

Eugenio Carrion, under secretary of the Commerce and Industrial Development Secretariat, Secofi, says deregulation for 30 staples has not driven prices up but, rather, down. Carrion repeated "there have been no price increases," and "there is no need to fear the end to price controls." (Mexico City LA JORNADA in Spanish 21 Apr 94 p 47)

Mexico earmarked $10.5 billion in 1993 exclusively to pay interest on its foreign debt. A Bank of Mexico report says this is the highest amount in six years. (Mexico City LA JORNADA in Spanish 25 Apr 94 pp 1, 42, 250)

The Bank of Mexico has reported that for the first time in two decades there was single digit inflation with an 8-percent annual inflation rate for 1993. Social expenditures, in relation to the Gross National Product, went from 2.6 percent in 1988 to 4 percent in 1993 "to help raise the people's standard of living and encourage a more fair distribution of income," according to the Bank of Mexico. (Madrid EFE in Spanish 1635 GMT 26 Apr 94)

Costa Rica

Figueres Views Trip to United States, Mexico

PA2704131294 San Jose Radio Reloj in Spanish 1730 GMT 25 Apr 94

[News conference by President-elect Jose Maria Figueres at the Universidad Estatal a Distancia auditorium on 25 April; from the "Radio Reloj Newscast"; broadcast in progress—recorded]

[Excerpts] [Figueres] ...the political leaders of these three friendly countries, and our interest in reviewing our bilateral relations with them and in knowing how they view matters of interest to us such as NAFTA.

In Mexico we had the opportunity to talk with President Carlos Salinas about the bilateral treaty signed between Costa Rica and Mexico. We discussed how to implement it better and how to make it function effectively. We also discussed the situation in Central America from Costa Rica's point of view. We discussed issues that we should discuss at the Ibero-American Summit to be held in mid-June in Cartagena, Colombia.

We discussed with Mexican business leaders their expectations and aspirations for the bilateral treaty. We were accompanied by the presidents of the chambers of commerce of Costa Rica.

We discussed Mexico's political situation with Mexican presidential candidate Ernesto Zedillo and matters of interest such as NAFTA.

In Mexico we were accompanied by Farid Ayales, who will be the labor minister during my administration, so he could talk with his Mexican counterpart and gain firsthand information about the great effort Mexico has been making based on the national agreement proposed by President Salinas. Based on this agreement, the various sectors—business, labor, and government—meet weekly to examine potential areas of conflict in the Mexican adjustment process.

We were also accompanied by Marco Vargas, who will be the economy minister in my cabinet, so he could learn about Mexico's special program to make small and midsize enterprises more productive. [passage omitted]

From Mexico we went to the United States and held several meetings with Vice President Al Gore; Alexander Watson, assistant secretary of state for inter-American Affairs; Assistant Secretary (Talbot); and Mr. Hamilton, a State Department expert on U.S. policy for Central America.

We spoke with them about the importance of strengthening our bilateral relations. Costa Rica and the United States historically have had excellent relations, but we think they can be improved in many fields [10-second break in reception].

We are very interested in achieving an equal footing with Mexico so we can compete to attract foreign investment and so our products can compete on the U.S. market. We discussed this with U.S. Trade Representative Mickey Kantor, the counterpart of our foreign trade minister. We can say that the United States views this as a possibility. We proposed this in September of last year during our first visit to the United States. We expect to see some specific action as early as July or August of this year, when the legislature will meet to ratify the Uruguay Round of GATT and may then incorporate annexes that will allow the Caribbean Basin Initiative countries to secure more benefits. Jose Rossi [foreign trade minister-designate] can give you more details on this.

We also met with officials from multilateral and bilateral organizations, with [words indistinct] and the vice president of the World Bank, Mr. (Gourky) and Mr. (Beza), who holds a post that is equivalent to the IMF vice presidency. We discussed with them what we have been saying since 1991, when we presented at (Corec) a proposal on the PAE [Economic Adjustment Program]. We talked with them about what we want: more investment in the social sector, especially in health and education, to supplement loans recently approved for health and education by the IDB. We also discussed the need to improve production in the country.

We have done much without reducing tariffs or eliminating tariff barriers as part of our world integration strategy, but we have not done all that could be done to promote production or to pave the way so that medium- and small-sized businessmen may compete in the world economy.

We reached the very satisfactory conclusion they fully agree to reanalyze and restructure the loan they had been negotiating with the government. [passage omitted]

We feel strongly about the great responsibility we have on the domestic side of public administration and the specific things we need to do in the country. We also feel Costa Rica should look abroad to forge strong alliances with at least three groups. One group, of course, is our nation's friends and those who lead their governments. We met with some of these people in each of the three countries. A second group would be the business sector in these countries. We met with members of the U.S. and Mexican business communities.

Costa Rica is still interested in attracting large amounts of foreign investment to our country, but it must be foreign investment that offers a high degree of added value, meaning we want investment with a significant amount of technical transfer attached to it, something which can make us the leaders in many areas of worldwide competition. We want investment that can allow us to have better salaries than what we have now.

A third alliance on the international scene, in addition to the political alliance with friendly governments and the economic alliance with the business community, should be with the academic world. The truth is many of these universities and learning centers have closely followed the process of development in many other countries. They have had the opportunity to study and propose alternatives and solutions to the many problems of development; they have seen what has worked and what has not. We believe, along these lines, it is important to have their experience, advice, and interest in Costa Rica.

We expressed to the three countries and the groups with whom we met our desire for Costa Rica to become a prototype of sustainable development. We explained such sustainable development should be founded on the following: The enormous lesson this country learned during the 1950's, 1960's, and 1970's, a lesson which showed us how productive social investment can really be. What we invested in health and education then is what has allowed us to enjoy the country we have now. We want to continue with that investment. We need to be more efficient and decentralize public services, as we announced in our government plan. We must continue, however, with social spending as one of the main pillars that will buttress sustainable development. The second pillar should be the lesson we learned during the 1980's, when this country earned its place as a leader as of 1982.

Foreign Minister-Designate on Appointment of U.S. Envoy

PA2604131794 Paris AFP in Spanish 2058 GMT 25 Apr 94

[Text] San Jose, 25 Apr (AFP)—Fernando Naranjo, the Costa Rican foreign minister-designate, said this Monday he looks forward to the appointment of a U.S. ambassador to Costa Rica as a sign of improvement in both countries' relations, which have been marred by frequent diplomatic incidents during the past years.

"The absence of an ambassador (from Washington in San Jose) troubles us," but "we are going to work very closely (with the Clinton administration)" to solve the problems that have developed in the relations between both countries, Naranjo said during a news conference, which President-elect Jose Maria Figueres also attended.

Naranjo, who will take charge of the Foreign Ministry on 8 May when the new government assumes control, admitted a number of conflicts "unnecessarily" cooled relations between both countries during the administration of Social Christian President Rafael Angel Calderon, which is about to conclude.

Washington recently threatened to block several loans to Costa Rica, because the Costa Rican Government has not compensated a group of U.S. citizens whose lands were expropriated, and this triggered a harsh confrontation between U.S. and Costa Rican authorities.

The United States had also previously threatened to suspend Costa Rica's preferential custom tariffs, because the influential U.S. union AFL-CIO presented charges of union persecution against the Costa Rican Government.

Naranjo said the next administration will frankly broach the issues that have tarnished relations with the United States and expect the vacant position at Washington's embassy in San Jose, vacant for more than a year, to be filled in the coming months.

The designated foreign minister accompanied Figueres on a tour to Mexico, the United States, and Canada last week. During their trip, the Costa Rican officials met with top officials of those governments and with the hierarchy of international financial organizations.

El Salvador

TSE Initiates Final Presidential Vote Count

PA2604195494 San Salvador Radio Cadena YSU in Spanish 1800 GMT 26 Apr 94

[From the "YSU Radio News" newscast]

[Text] The TSE [Supreme Electoral Tribunal] has initiated the final vote count of 24 April's presidential election, which Dr. Armando Calderon Sol of ARENA [Nationalist Republican Alliance] won in a contest against the left-wing coalition.

ARENA won 68.27 percent of the valid votes, and the coalition won 31.68 percent [figures as heard], the equivalent of more than 803,000 votes for the right-wing party and 367,000 for the left-wing party.

The TSE has announced that within the next five days it will disclose the final results of the elections, which determined who will govern the country from 1994 to 1999.

Results of Vote Count Announced

PA2804055294 San Salvador Canal Doce Television in Spanish 0300 GMT 28 Apr 94

[Announcement by Salvadoran Supreme Electoral Tribunal, TSE, President Luis Arturo Zaldivar Romero and TSE Secretary General Miguel Angel Cardoza Ayala at the Hotel Presidente in San Salvador—recorded]

[Text] [Zaldivar] The Supreme Electoral Tribunal [TSE] hereby announces the results of the final vote count of the election for president and vice president of the Republic held on Sunday, 24 April.

We started this vote count on 26 April at 1200. Having worked throughout the day, and thanks to arduous work done by the 12 departmental tables installed and headed by this tribunal, through the magistrates and the executives appointed for this purpose—and in the presence of departmental electoral boards, delegates of the contending political parties, the representative of the Prosecutor General's Office, and observers from Onusal [UN Observers for El Salvador]—with great satisfaction we report to you that we completed this vote count by about midnight.

On 27 April, we completed administrative work to reach this moment when we will sign the document that the TSE secretary general will now read:

[Cardoza Ayala] Document No. 19. At the Central American Room of the Hotel Presidente, San Salvador, at 1700 on 27 April 1994.

At a meeting to conclude the final vote count of the runoff election for president and vice president of the Republic held on 24 April, the undersigned Messrs. Magistrate-President Luis Arturo Zaldivar Romero; Principal Magistrates Jaime Francisco Romero Ventura, Eduardo Benjamin Colindres, Jose Rutilio Aguilera Carrera, and Pedro Ricardo Solorzano Burgos; and Secretary General Miguel Angel Cardoza Ayala proceeded to conclude the vote count after notifying the representatives of the Nationalist Republican Alliance [ARENA] and the National Revolutionary Movement-Democratic Convergence-Farabundo Marti National Liberation Front Alliance, who faced one another in the runoff election. They also notified Prosecutor General Dr. Arturo Romeo Melara Granillo. We started this work publicly at 1000 on 26 April, at which time the work tables of the 14 departmental electoral boards were installed.

This vote count was based on vote count certificates from each Voting Table Board, as well as the general municipal certificates. We obtained the results detailed in the following annex.

[Zaldivar] I will read the votes received by the two contending parties in each department of the Republic, the totals, and the other kinds of votes cast:

San Salvador: ARENA, 238,865 votes; coalition, 145,301 votes. Santa Ana: ARENA, 78,395; coalition, 38,451. San Miguel: ARENA, 56,772; coalition, 18,783. La Libertad: ARENA, 91,747; coalition, 41,076. Usulutan: ARENA, 44,193; coalition, 17,743. Sonsonate: ARENA, 61,343; coalition, 28,216. La Union: ARENA, 32,234; coalition, 7,830. La Paz: ARENA, 43,539; coalition, 16,468. Chalatenango: ARENA, 31,479; coalition, 13,418. Cuscatlan: ARENA, 32,891; coalition, 12,540. Ahuachapan: ARENA, 39,911; coalition, 14,871. Morazan: ARENA, 21,743; coalition, 7,143. San Vicente: ARENA, 21,963; coalition, 11,136. Cabanas: ARENA, 23,189; coalition, 6,004.

This adds up to a total of 818,264 valid votes for ARENA and 378,980 votes for the coalition. There were a total of 1,197,244 votes in the 14 departments of the country. There were 3,467 contested votes, 40,048 null votes, and 5,461 abstentions in the 14 departments. This gives a grand total of 1,246,220 votes. The reading of the document continues.

[Cardoza Ayala] The vote count was witnessed by members of the departmental electoral boards of the entire country, as mandated by Article 259 of the Electoral Code; Prosecutor General Dr. Arturo Melara Granillo and his duly accredited delegates; Electoral Prosecutor Arturo Cruz Salgado; representatives of the contending political party and coalition, who exercised their rights to supervise, as well as other rights granted them by the Electoral Code; and Onusal observers invited to this event.

Based on the results obtained, we declare Dr. Armando Calderon Sol and Dr. Enrique Borgo Bustamante, who were nominated by ARENA, as the elected president and vice president of the Republic for the period from 1 June 1994 to 31 May 1999. This declaration comes after they obtained the majority of votes, according to this vote count, as mandated by the first and the final subparagraphs of Article 261 of the Electoral Code. This document should be published in the official newspaper only once, and in the newspapers with the greatest nationwide circulation, in keeping with Article 266 of the Electoral Code.

Defense Minister Reiterates Subordination to Government

PA2704221394 San Salvador EL DIARIO DE HOY in Spanish 25 Apr 94 p 5

[Excerpt] The Armed Forces have said they will remain subordinate to civilian power when the new government that was elected on 24 April takes office.

Defense Minister General Humberto Corado stressed the role that the military has played in the country's institutional life, especially in the 1980's. He said the military has always supported past governments and now is no exception, because the military has always believed the country needs stability and calm to progress.

The armed institution is "subordinate, obedient, and nondeliberative," stressed Corado. The defense minister stated this yesterday morning shortly before casting his vote at the Central American pavilion at the International Fairground.

He indicated that the FMLN [Farabundo Marti National Liberation] must give up the conspiratorial, clandestine, and subversive methods it used in the past. "The FMLN must accept the democratic rules of the game and act like any other political party."

According to Gen. Corado, "The FMLN has to act according to the times in which it is living, make proper use of the mandate the people gave to its deputies in the Legislative Assembly, and forget the negative methods of the past."

He also urged the FMLN deputies to act "like real fathers of the fatherland and representatives of the society which placed its trust in them, so the balance in the Legislative Assembly will be beneficial."

Making his appeal to the losing party, he said any political organization that participates in elections must be ready to win or lose: "If it wins, it must govern and legislate, and if it loses, it must accept the people's will and prepare for the next elections." [passage omitted]

Guatemala

President De Leon Carpio on Tax Policy

PA2404163494 Guatemala City Radio-Television Guatemala in Spanish 0345 GMT 21 Apr 94

[Message to the nation by President Ramiro de Leon Carpio in Guatemala City—live or recorded]

[Text] A series of events in the political arena, especially in matters of public security worsened by an increase in the violence that has adversely affected institutions and persons, has obstructed the development and implementation of the government's agenda.

The topic of violence is being handled with the highest of priorities, the first results of which are now being observed. We are going to continue making progress with the necessary strength until we are able to neutralize its effects. As for the institutionality of the country, it is completely strengthened, and, despite ill-intentioned rumors, the Guatemalan Army supports the democratic process and the current government that I head. It has given irrefutable proof of that support.

There are important topics in the socioeconomic field, however, that cannot be postponed. The government's agenda for 1994-1995 clearly establishes our political strategy and our actions. Such policies have been determined, and it is advisable for us to repeat that. There will be no turns or deviations in its drafting and implementation. In accordance with these policies I am presenting to you the overall picture of the government's finances, which has been dramatic since I assumed the presidency of the Republic with a fiscal deficit of 960 million quetzals and a debt to suppliers of 1.2 billion quetzals. Debts were owed to suppliers for school and hospital products, among other things.

We had planned to reduce the fiscal deficit to 360 million quetzals in 1994. Due to the Constitutional Court's ruling and the decrease in tax revenue by 160 million quetzals during the first quarter of the year, the deficit could increase to 1.72 billion quetzals if administrative and legal measures are not adopted now.

Since 1993 we have been observing a weakening of the tax structure, which we believe will continue to weaken in 1994. We attribute such a situation to the weakness of the tax laws and to the difficulties involved in achieving its implementation.

In view of the budget situation, we must adopt measures, otherwise the fundamental duties of the state could experience serious adverse effects. The government could fail to comply with demands for investment projects in the poorest sectors of the country, which would worsen even more the already poor services provided to the majority of the population. If the fiscal problem is not corrected, we could lose ground in the stability achieved up to now because the inflation goal for 1994 may go unfulfilled.

We must not forget that the most harmful tax for the people is inflation. Despite the improvement in the government's revenues in 1991 and 1992, by mid-1993 when I assumed the presidency of the Republic, we already saw a critical situation that has been worsening mainly because the reforms that were introduced to allow the government to effectively fight tax evasion were not reinforced. As a result of this lack of instruments for the application of the law, value-added-tax [VAT] evasion was nearly 40 percent.

That means, people of Guatemala, that, for every 100 persons who consume something and pay the VAT, 40 stores collect the tax, but illegally and improperly do not report it to the government. Regarding income tax, evasion is close to 50 percent. As for import taxes, they do not reflect the movement of merchandise owing to dishonest import practices. This is a problem that demands an urgent solution, and we have started taking the first actions.

We must keep in mind that the objective of lowering the inflation rate and strengthening public finances is not and should not be an end in and of itself. It is merely a necessary condition to reinforcing democracy and achieving social equality and sustained economic growth. Handling a coherent and consistent social policy, within which fiscal policy plays a key role, would foster a climete favorable to raising public savings, lowering the inflation rate, decreasing uncertainty, and making investment possible. It also fosters fewer changes in prices, generates jobs, and maintains the real value of wages.

The adoption of fiscal measures will enable the government to avoid the inflation rate's negative distributive effect. It will also allow it to fulfill the unpostponable task of fighting poverty and merging economic progress with social equality. There are contradictory situations, since we are simultaneously seeing a drop in tax revenues and predicting a significant growth of 5 percent in economic activity compared to the 2 percent figure of many countries.

Within the framework of fiscal and monetary policy, the fiscal initiatives seek to achieve the following objectives:

1. (?Stabilize) prices, avoid an inflationary process with the subsequent economic and social consequences, and eliminate excessive indebtedness that limits the expectations of progress.
2. Allow greater availability of resources to spend them on social development and fighting poverty, considering the life expectancy in Guatemala is the lowest in Central America and the illiteracy rate is the highest. In addition, the infant mortality rate is one of the highest in Latin America, partly because the Guatemalan tax burden is the smallest in Central America and Latin America. Only Haiti's tax burden is smaller.
3. Correct some inconsistencies in the current fiscal laws to achieve a sustained increase in revenues that is in step with economic growth, allowing the strengthening of

public finances. In that respect, we have submitted law initiatives that while not creating new taxes seek to improve a tax system that, together with measures of administrative control, avoid frequent changes in the tax laws and allow us to meet priority investment expenditures. These initiatives are complemented by specific actions that seek a restructuring of the administration to make tax-paying easier and to modernize the tax system.

The changes apply to income tax laws, the VAT, which remains at 7 percent, and the airport tax on passengers traveling abroad, as well as changes to the tax code.

The changes made to the income tax code in 1992 led to a reduction of personal income and corporate taxes. Its reduction was clearly noticeable during the first quarter of 1994 because a total of 41 million quetzals less than what was estimated were collected. These changes are aimed at partially restoring the revenues that were lost due to the impact of the Constitutional Court ruling on account payments and retentions. The changes are also aimed at strengthening the taxation system by avoiding tax evasion.

The collection of the VAT dropped by 85 million quetzals during the first quarter of 1994. Evasion takes place when store owners do not issue receipts or proofs of purchase. It is, therefore, important to adopt measures to prevent this type of tax evasion. Moreover, with the purpose of solving the problems with the VAT that have accumulated to date the treasury intends to increase the airport exit tax to 100 quetzals, much closer to Central American levels. The tax on those leaving the country by land remains unchanged.

Finally, as for the tax code, it will be strengthened with the purpose of getting an effective regimen for stronger punishments. The application of punishments will be proposed, and, for repeated offenders, the proper criminal court judge may temporarily shut down the business. The treasury must contribute all the elements needed by the courts to issue the proper punishment. In addition, the deadlines for filing documents are reduced.

All changes are difficult, but not making them would lead to stagnation, inflation, and state inefficiency. History has proven that macroeconomic disorders and instability provide no solutions for social problems. In the 1980's the failure to adopt timely measures brought about a reduction of real wages. By the end of the decade 75 percent of the population was poor, and 50 percent was extremely poor.

All changes are difficult, I said before, but not making them would lead us to stagnation. It is important to build an authentic and solid social reform on the foundations of the economic reforms. The fight against poverty is another face of economic reform. It is necessary to include social sectors that were never included before. It is necessary to include modern economic sectors to allow them to participate in productive activities. We must strengthen the activities of small enterprises that can generate jobs for thousands of citizens. These changes are not automatic, and they cannot appear spontaneously. Effort and participation by the state and society as a whole are necessary. A great effort to achieve economic stability in the country is necessary so we can lay the groundwork for a sustained growth that can guarantee greater opportunities through the allocation of more resources for investment in the social arena. For this to continue, it must not be done by incurring greater debts. We are aware of the challenges we are facing and the many things that remain to be done. The principal challenge is to strengthen the social aspects of development, and the spirit of the fiscal changes is precisely to achieve this objective.

The price of the imbalance is too high—hence the urgent need to take measures. We are sure that we are on the right track. There will be no changes in the policy we have outlined. The situation forces us to take speedy action. The progress of the peace process commands our attention beyond a cessation of armed confrontation. It means attention to social development demands. We must understand clearly that there is no true economic prosperity without greater social justice. It is also true that economic growth is possible in freedom. Our government has pledged to the Guatemalan people to govern in a different style, where national interests prevails above all others with honesty and prioritization of expenses for social benefits. We trust we will be able to forge ahead despite problems. We have confidence in our principles and are sure of our policies. We do need, however, the support and positive spirit of all Guatemalans, because we can overcome any difficulties if we are united. The biggest challenge is to construct the country we desire for our children, a Guatemala that lives in peace, prosperity, and solidarity.

People of Guatemala: In view of the government's financial crisis, I have made decisions that help resolve it from an administrative, institutional, and fiscal viewpoint. I fully trust that the Congress will study and eventually approve the proposals that have been presented. I trust all taxpayers will conscientiously perform their legal duties. The government has pledged to invest taxes in security, health, education, etc. That is our duty. If taxpayers fail to pay their taxes, the law will be strictly enforced.

If, for any reason, the proposals are not passed, I would be forced to take other measures that would temporarily solve the problem but could harm all Guatemalans through inflation and the subsequent economic cost that the population would have to bear. The Congress and the people will have to say the final word. So will the government, regarding the part that concerns it; the Congress, by supporting the proposals; the taxpayers, by paying their taxes; and the government, by spending honestly the Guatemalan people's resources. Thank you for your attention. Good night.

Roundup of Economic Developments

PA2604184694

[Editorial Report] The following is a compilation of reports on Guatemalan economic developments monitored through 26 April.

The National Statistics Institute has reported inflation reached 3.7 percent during the first three months of the year. The institute has stated goods and services in the education sector registered the highest increase in prices. (Mexico City NOTIMEX in Spanish 1618 GMT 21 Apr 94)

Tourism sector representatives have reported 40 percent of tourism reservations have been canceled due to the U.S. State Department's travel advisory following violent actions against U.S. citizens. The losses might reach $100 million. During 1993 560,000 tourists entered the country, and the goal for 1994 had been 600,000, a figure that is now unlikely to be achieved. Tourism was the second leading source of foreign exchange for Guatemala during 1993. (Paris AFP in Spanish 1133 GMT 26 Apr 94)

Honduras

Reina Announces Voluntary Military Service Bill

PA2804045194 Tegucigalpa Radio and Television Networks in Spanish 0220 GMT 28 Apr 94

[Address to the nation by President Carlos Roberto Reina in Tegucigalpa—live or recorded]

[Text] I am appearing before you today to tell you I have instructed the national defense and public security minister to go early tomorrow morning to the National Congress and submit a bill amending Article 276 of Constitution, whereby a voluntary, educational, social, humanistic, and democratic military service will be established in Honduras. The aforementioned constitutional article reads as follows: Military service is obligatory for citizens 18-30 years old. A special law will regulate this.

I am certain the legislators of my fatherland will approve this constitutional amendment, allowing my government to begin a new historic phase in the fulfillment of the fundamental civic duty of serving and defending the fatherland. Congressional approval of the constitutional amendment I am introducing will also constitute an important landmark in relations between civilian society and the military institution.

The young men of Honduras and their parents can rest assured that with this amendment there will be no more forced recruitments, as has been done traditionally. We must all be aware that the elimination of obligatory military service in no way means the termination of an inescapable duty for all Hondurans—the duty to serve and defend the fatherland. Honduras needs a quantitatively and qualitatively capable and competent Armed Forces. Our young men must regard the Armed Forces as an institution offering a great many opportunities for their overall development.

A voluntary, educational, social, humanistic, and democratic military service reconciles the fulfillment of duty with legitimate aspirations that encourage every young man to do his part for his fatherland based on his aptitude, merits, and capabilities. By way of this constitutional amendment we are requesting, our Armed Forces will represent an affirmative manifestation of the immortal maxim of our greatest hero: Yes, battles are won with volunteer soldiers.

My fellow countrymen: Implementing the constitutional bill on voluntary, educational, social, humanistic, and democratic military service is a true manifestation of the faith the Honduran people have in dialogue as an effective instrument to renew our republican institutions, strengthen the rights of human beings, and consolidate democracy. The constitutional amendment has the patriotic support of all sectors representative of society. I would like to present all of them with a testament of my recognition for their valuable contribution.

It is proper to acknowledge the cooperation provided by the National Congress president and first vice president, the commander in chief and top officers of the Honduran Armed Forces, the members of the cabinet, and the presidential advisers who joined the commission that drafted this bill, which basically reads: Article 276—Citizens 18-30 years old will fulfill their military service in a voluntary manner during peacetime, under an educational, social, humanistic, and democratic system. The state has the power to call citizens into the military ranks in accordance with the law. In the case of a war between nations, all Hondurans capable of defending and serving the fatherland are soldiers.

My fellow countrymen: By submitting the constitutional amendment bill which establishes a voluntary, educational, social, humanistic, and democratic military service, I am keeping one of the key promises of my presidential campaign. I said it as a candidate, and I am reiterating now as the constitutional president of the Republic. I am going to keep my promise. I am committed to doing so. I have the support of the government team, and, most of all, I have the support of the people and the protection of God. The president will not fail you. Thank you very much.

Defense Minister Criticizes Military Bill

PA2804045394 Tegucigalpa Voz de Honduras Network in Spanish 0258 GMT 28 Apr 94

[Text] Defense Minister General Reynaldo Andino Flores has clearly stated tonight that the Armed Forces accept President Carlos Roberto Reina's proposal to change the compulsory military service to one that is voluntary, educational, social, humanistic, and democratic only because the Armed Forces remain subordinate to the president. Nevertheless, the defense minister added, the Armed Forces do not agree with this change.

Andino Flores said that if this is being done only to satisfy the whims of specific individuals, it will be dangerous and problematic, and he added that people within the military pray to God that all will go according to plan. The defense minister emphatically stated his position: We are only accepting this because we are subordinate, but not because we agree with a constitutional reform geared to turn the compulsory military service into a military service that is temporary, educational, social, and all the other alterations made in this constitutional reform bill.

In last-minute, exclusive information made available to Voz de Honduras, we are providing you with the following statements by Defense Minister Reynaldo Andino Flores:

[Begin Andino Flores recording] Well [words indistinct] we have faith, hope, and trust that everything will turn out well. The president is a man of experience. He is a national leader. He is our president and the top authority in the country. He knows what he is doing. We hope God will enlighten him in everything he does and decides. We, I repeat, are an institution that is at the service of the nation. The president has been elected by a system established by our laws, and we can do nothing but obey him.

I only want to reiterate, once again, that we, the Armed Forces, do not believe voluntary military service is a good idea. We do not agree, not because we are conservative or reactionaries, but because we, as professional military men, know a bit more about military issues and believe there are more disadvantages than advantages in this idea. If this measure is going to be implemented only to satisfy personal interests and not national interests, we are doing the wrong thing. It is, of course, easier to do what we want and what interests us than to do what the country needs. If we are truly going to take this path, I cannot say how appropriate it will be to have a voluntary military service.

I repeat, I hope we are wrong and that God has enlightened the [words indistinct] of the president and is enlightening all of the Honduran people. We hope this new measure will help Honduras to increasingly become a better and more prosperous country with better chances for an auspicious future. [end recording]

Unions Hold Simultaneous Protest Marches

PA2704150694 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 23 Apr 94 p 33

[Text] San Pedro Sula—Several unions have held simultaneous protest marches in major cities throughout the country to pressure the Reina administration into honoring promises made during the election campaign.

The protest march that has taken place in this city began one hour late, and participants included the National Trade Union Federation of Honduran Workers (FESITRANH), Independent Federation of Honduran Workers (FITH), and the United Federation of Honduran Workers (FUTH).

In addition, San Pedro Municipality representatives such as SITRAUNAH [Trade Union of National Autonomous University Workers of Honduras], SITRAMEDYSH [Trade Union of Medical, Hospital and Related, Workers], and SITRAIHSS [Workers Union of the Honduran Social Security Institute] also participated in the event.

Peasant and teachers organizations such as the Peasant Women Joint Development Committee (CODINCA) and COLSUMAH [Professional Association for the Improvement of Teaching in Honduras], among others, also participated in the demonstration.

During the march, the workers complained about the high cost of living and demanded a general increase in salaries. They also demanded the so-called moral revolution heralded by the government result in in-depth agrarian reforms to the benefit of the peasant sector, not only a minority as occurred during prior administrations.

FESINTRAH President Mario Quintanilla has said this march was just the beginning of further actions the working class will take to demand solutions to their grievances.

"President Reina has made specific promises on fundamental issues such as voluntary military service and the education system, and we are demanding the fulfillment of these promises," the union leader has said.

He has said workers feel ignored, because there are inequalities between earned wages and the cost of the basic food basket.

"We need positive answers from the government of the Republic. We want a general salary increase," Quintanilla has said.

He added the Liberal administration is obligated to provide answers to this popular movement.

In this respect, he has urged all his fellow union members to strive for real price controls, "because this country's business sector does whatever it wants with the prices of goods, and the government says nothing."

In addition, Quintanilla mentioned the problems confronted by residents of the community of Lopez Arellano as the result of the irregular manner in which the Social Housing Fund (Fosovi) intends to collect delayed housing payments.

Nicaragua

Government, Army Reach Agreement on Military Code

PA2604203094 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 26 Apr 94

[From the "National Newscast;" passages within quotation marks recorded]

[Text] During a seminar on civilian-military relations, Presidency Minister Antonio Lacayo has said the government and the Army reached an agreement on the Code of Military Organization. Lacayo praised the agreement, describing it as another government achievement in its fourth year in office.

[Lacayo] "We are celebrating this fourth year of Violeta Chamorro's democratic government with this agreement, an agreement that opens the door to a Nicaragua with a national Army for the first time in its history, and closes the door on any attempt to seize power via weapons. Thus, we are celebrating the existence of a new Nicaragua."

Lacayo said the Military Code, which consists of 93 articles, is the result of a consensus between President Chamorro and the top military command on how and on which date the new Army commander in chief will be appointed.

Lacayo mentioned the government's achievements:

[Lacayo] "Nicaragua is a territory free of armed political groups today."

He added the government has kept its promises as no other government has ever done in the country's history:

[Lacayo] "No one can doubt we have forever left behind the death of Nicaraguan brothers in the battlefields, the harsh press censorship, the jail terms for dissension, and the subsequent crooked deals that prompted the collapse of an economy that was in a regressive and mortal state."

Army Chief Humberto Ortega also spoke at the event. He insisted on referring to the past until he finally expressed his opinion about the Military Code:

[Ortega] "The law must serve to strengthen the process to professionalize the Army. It must not be the kind of law some people want: a law to dismantle the Army."

Ortega reiterated the Army does respect the state branches:

[Ortega] "The Army has never interfered in politics or in a single decision made by this government, a decision-making power it won in the elections."

Code Includes Ortega Retirement by 1995

PA2704040894 Mexico City NOTIMEX in Spanish 0210 GMT 27 Apr 94

[Text] Managua, 26 Apr (NOTIMEX)—General Humberto Ortega, chief of the Sandinist People's Army, EPS, will retire by 10 January 1995 at the latest, a source close to the Nicaraguan Presidency reported today.

The source stated that Ortega, who has held that position for the past 14 years, will undergo a "transition" period in the Armed Forces before his retirement.

Deputy Presidency Minister Tomas Delaney confirmed that Ortega's departure will be included in a provisional article of the Military Code agreed upon by the EPS and the Violeta Chamorro administration, a regulation that will replace the announced Military Organization Law.

A source close to the executive branch who asked to remain anonymous confirmed to NOTIMEX that Ortega will abandon his post "on 10 January 1995 at the latest," the date agreed upon by the military leadership and President Chamorro after nearly eight months of discussion.

By changing the draft bill into a Military Code, however, Ortega managed to "tie" the government's hands and give the legislative branch a "vote of confidence" as the legislature will be the only body empowered to introduce reforms, the source explained.

Joaquin Cuadra, EPS chief of staff of the Commander's Office, said the Code "will give stability and security to the Armed Forces because it cannot be reformed by the executive during the recess period of the National Assembly."

Under the Code, which will have constitutional status, "the military will not be subject to the political instability of the current or future administrations," according to political sources.

National Assembly President Luis Humberto Guzman stated on Tuesday that he hopes the draft Code of Military Organization, Jurisdiction, and Military Social Security is sent this week to the deputies for discussion and approval.

The "final" version of the new military legislation "is complete but it is the president's prerogative to forward it to the legislature," Delaney remarked.

Ortega told the press this Monday that "there was a total consensus" on the Military Code initiative. "It will include everything, including the permanence of the Army chief," Gen. Ortega expressed.

The EPS chief admitted that "the art of negotiating is knowing when to yield," after saying days before that he would not abandon the Armed Forces under "pressure or at anybody's whim."

The new military legislation would end a prolonged conflict that began on 2 September of last year, when Chamorro took the military leadership by surprise by announcing that Ortega would retire in 1994.

After the announcement, Gen. Ortega and his brother, former President Daniel Ortega (1985-1990), had a verbal confrontation with Chamorro.

Rights Official Decries Remarks by Army Chief Ortega

PA2604210194 Managua Radio Corporacion in Spanish 1330 GMT 26 Apr 94

[From the "Trench" newscast]

[Text] At a seminar hosted by the Institute for Democracy and the Development of Latin America, General Humberto Ortega said the Army is a stabilizing factor in Nicaragua. He added that those who favor a reduction in the military budget, as well as those who favor the elimination of the Army, are seeking chaos and war in the country.

During a seminar at the Olof Palme Convention Center to review civilian-military relations, an event that is continuing today, Gen. Ortega, in one of his usual abrupt remarks, said the EPS [Sandinist People's Army] is a stabilizing factor in Nicaragua. Without the EPS, he added, there would be chaos and war in the country. He was criticizing those who favor a reduction in the Army's budget.

In his statements, one can see Ortega's zeal to control power in a more complete and hegemonic way. Meanwhile, Dr. Lino Hernandez of the Permanent Commission for the Defense of Human Rights said what is happening in Haiti could happen here.

[Begin recording] [Hernandez] Ortega noted that those seeking to alter the current state of the Army or the way the it is organized right now are attacking the country. In other words, he is saying, there can be no changes here unless he or the military leaders accept them. I expected a different position from him at this seminar, because there are many international personalities taking part in it. These people expect the military to be remain subordinate to civilian authorities. In turn, we expected Gen. Ortega to express a different position, but he took the opportunity to be very blunt. He expressed the Army's view, saying that the Army here cannot be altered. In fact, he even threatened an economist clearly referring to him. He said: There is an economist who is saying that the Army's budget must be reduced. Well, this is a direct threat. Ortega is telling him that he must be quiet.

Ortega's position shows there is a long way to go in this country to attain what the Nicaraguan people want, which is a de jure state—a system that will include the subordination of the military to civilian authorities.

[Reporter] It seems that he wants to remain in the Army forever, giving up the possibility of becoming a presidential candidate.

[Hernandez] When these politicians try to wrap themselves in power—and here, Ortega speaks like a true politician—they become very dangerous. We cannot stop thinking or predicting that one day Gen. Ortega might decide to seize control, and who is going to tell him no at a time when foreign intervention is practically nonexistent?

Aristide was ousted in Haiti. The U.S. Government says it is against it, and yet the situation continues. It has been more than two years since the Haitian coup.

Unfortunately, we feel there is an attempt to control power in an increasingly hegemonic and complete way, and we must be alert to this. We must prevent men like Generals Ortega and Somoza from trying to control all power in the country. [end recording]

Chamorro Explains Veto of Draft Property Law

PA2804034994 Managua LA PRENSA in Spanish 26 Apr 94 p 2

["Note" from President Violeta Chamorro to National Assembly President Luis Humberto Guzman in Managua on 18 April]

[Text] No. P-2731-79-4-94

Managua, 18 April 1994

Dr. Luis Humberto Guzman, president of the National Assembly

Honorable Mr. President:

This note is in reference to Draft Law No. 174 entitled "Judicial Action and Sentence Execution Suspension Law for Trials Stemming From Property Restitution, Possession, Questionable Bail, and Annulment." The National Assembly approved the draft on 28 March 1994 and forwarded it to me on that date for sanctioning, promulgation, and publication.

Allow me to state that I have carefully studied the aforementioned Draft Law No. 174 and cannot help but express my concern over the consequences the bill could have if put into effect, and the problems that enforcing its provisions may entail. It is my opinion that in drafting this law, the National Assembly is overstepping the bounds of the judicial branch's jurisdiction.

I do not agree with any form of abuse. I do not agree with those who seek to evict legitimate owners and occupants from their homes and lands. I do not agree with those who have illegally occupied the property of others.

I have respected and enforced Laws 85 and 86, because they are laws that were already in effect when I assumed my place as president of the Republic. The Office for Territorial Organization was create specifically to detect abuses that could have been committed under the aforementioned laws, while respecting the rights of legitimate beneficiaries.

I cannot sanction or promulgate Law No. 174 at this time, however. While seeking to correct such abuses, it is committing other more serious abuses, such as denying the people the right to appeal to the courts to demand justice whenever they feel their rights have been violated.

In addition to these general considerations, I believe it is important to underscore the following specific issues:

1. Draft Law No. 174, in interfering with the judicial branch's sphere of jurisdiction, would violate the constitutional principle stated in Article [numeral indistinct] of the Constitution, which sets forth the independence and concerted coordination among the branches of state. 2. The law creates a conflict with the Constitution when it suspends the execution of court sentences. According to Article 167 of the Constitution, execution of court rulings and resolutions is mandatory for the nation's authorities. 3. Sentences that have been carried out, whether handed down by the Supreme Court of Justice, appeals courts, or lower courts, are binding for all parties. This draft law would entail retroactive effects on individual or collective rights, because the nation's courts had previously recognized such rights in favor of a specific party or parties. In so doing, the law would violate Article 98 of the Constitution, which states that the law shall not have retroactive effects, except in criminal cases when such effects would favor a convicted individual. 4. According to Article 52 of the Constitution, citizens have the right to petition the branches of state, which are obliged to promptly resolve such petitions in accordance with the timeframes established by law. This draft law would impede the judicial branch from complying with its constitutional duty of resolving the demands and petitions brought before it. It is also an affront to the basic right to demand justice and to appear before the nation's courts to demand recognition and protection of the rights the Constitution itself provides. 5. By threatening the judges and courts (including the Supreme Court of Justice) by saying they may be committing a crime in handing down their decisions in this regard, the draft law violates Article 165 of the Constitution, which guarantees the independence of judges and magistrates in the administration of justice. 6. The right to private property is established in the Constitution. One of the forms of exercising this right is turning to the courts for protection whenever this right is threatened or violated. To deny a legitimate proprietor this possibility violates his right to private property. In addition, this action breaches the principle of equality under the law, as stated in Article 27 of the Constitution.
7. The fact that some judges commit abuses in their positions is no justification for the legislative branch to attempt to paralyze an important part of judicial activity. The judicial system itself has its own internal resources and mechanisms to correct such abuses. For this reason, this bill goes against Article 129 of the Constitution that establishes the independence of government branches. 8. Furthermore, this bill has incongruities. It establishes that the judges will not process suits or continue trials when the person being sued shows the purchase of property or the assignment of his right to possession. How can the person being sued show his right if the suit is not processed? 9. It also presents technical problems by establishing new specific criminal conduct and penalties without reforming the Criminal Code. You will understand, Mr. President, that the specifications of this law would cause serious problems in the administration of justice. As I have stated on previous occasions, the issuance of laws, which must not only be just but also feasible, and which must conform to the Constitution, is a responsibility shared by the honorable assembly that discusses and approves a bill and by the president of the Republic who sanctions it.

For the reasons I have expounded, I feel it is my duty to refrain from sanctioning Draft Law No. 174, and for the sake of the understanding that must exist and that we are promoting between the government branches, I have decided not to make use of the power afforded to me in Article 142 of the Constitution to veto the bill, which I am sending you together with this note.

I ask you, Mr. President of the National Assembly, to communicate these reasons to the representatives and to take the liberty of suggesting a reconsideration of this law, inviting you to consult with the Supreme Court before deciding to send it to be published.

With cordial regards to you and the honorable representatives, I remain very truly yours,

[signed] Violeta Barrios de Chamorro, president of the Republic of Nicaragua

Chamorro Speaks on 4th Anniversary of Presidency

PA2804025694 Managua Radio Nicaragua Network in Spanish 1938 GMT 25 Apr 94

["Excerpts" of speech by President Violeta Chamorro on the fourth anniversary of her inauguration in Managua on 25 April—read by announcer]

[Text] Despite our limited resources, we have implemented many projects that have allowed us to consolidate peace and set the foundations for the economic and social reactivation we are truly and firmly promoting. Within this reactivation program and at a cost of 70 million cordobas, this morning I inaugurated an important public works project, which is being conducted with assistance from the Central American Economic Integration Bank and with funds from my government, and which is allowing us to restore 57 km of roadway from Nejapa to Istapa and to build 13 bridges.

Today, a loan for 145 million cordobas to be used in the cattle sector was signed with the Central American Economic Integration Bank in my presence. It will be used to help our cattle breeders rejuvenate their farms and improve cattle production. We also signed, with the same bank, another loan for 24 million cordobas to be assigned to the program that is to revitalize small- and medium-sized industries. This is a very important project for me because I want to give my support to the women who run those small firms and are very good administrators.

Today, in celebrating the fourth anniversary of my inauguration as president of all Nicaraguans, I have come to this palace, which is located in front of our dear Republic Plaza, the ruins of our old cathedral, and in front of Managua Lake, to confirm that progress and production financing must go hand-in-hand with culture, which is one of the main objectives of my government program.

Four years ago, I made a commitment to further peace, freedom, and economic and social progress. I also made a commitment to improve the Nicaraguan people's cultural development. In keeping with the goals of our cultural policy, we are celebrating this special day by announcing the initiation of the repair of the National Palace, which from now on will be called the National Palace of Culture. It is a genuine example of our arts and handicrafts, of our history and our struggles, and it is a place where our musicians, poets, painters, and sculptors can express themselves with entire freedom. I am convinced that actions that support culture will make our progress and development comprehensive. The repair of this palace is part of the program to reconstruct the center of Managua. We have managed to restore the ruins of the Grand Hotel and have converted it into the Managua Cultural Center. We are also going to rescue the old cathedral as part of this program.

I want to take advantage of this opportunity to show my appreciation for the great help we have received from the government and people of Japan, as well as from the United National Development Program. They have helped us carry out this important program.

All of you, my dear Nicaraguans, should help my government in its endeavors to continue to build, strengthen, and work in order that together we can make Nicaragua an example of democracy, peace, and progress for all its children. With the help of God and the efforts of all, we will make this a reality. Thank you.

Panama

Candidates: Political Alliance Talks Continue

PA2804015494 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Apr 94

[Report by Fernando Fernandez and Alvaro Alvarado from the "RPC Television News" newscast; passages within quotation marks recorded]

[Text] [Announcer] Eduardo Vallarino, presidential candidate for the Christian Democratic Party [PDC], has said his party is willing to hold talks with all sectors to preserve democracy in our country. Fernando Fernandez filed this report:

[Fernandez] The ticket headed by Eduardo Vallarino and Rene Orillac has revealed the PDC position on the country's political situation in light of possible alliances for the 8 May elections. The announcement was made before a large number of journalists who attended the news conference the PDC regularly grants on Wednesdays. Presidential candidate Vallarino said the PDC would support the best options for the country in any negotiations:

[Vallarino] "We are actually holding talks with all parties, including our staunchest opponents. It is a responsibility of the political parties to keep communication channels open with even their worst enemies to ensure that this election is honest and void of violence."

[Fernandez] The PDC candidate also condemned and criticized those who advocate violence as a means to impose their ideas.

[Vallarino] "We do not believe in violence, and we will prevent violence. We think it is irresponsible to even talk about violence. The country now has an excellent chance to show the world something good, something magnificent—namely, free and honest elections."

[Fernandez] The PDC Central Campaign Committee also announced that the party will conclude its campaign on 5 May.

[Announcer] Meanwhile, today, Ruben Dario Carles, presidential candidate for the Change '94 alliance, said talks among the country's various civilist groups are continuing, and, therefore, an alliance to confront the PRD [Democratic Revolutionary Party] cannot be ruled out. Carles reaffirmed that his ticket is the best one to head such an alliance. Alvaro Alvarado filed this report:

[Carles] "Several political groups are currently holding discussions. The possibility exists. They are currently discussing that."

[Alvarado] Professor Carles does not support the proposal of seeking a presidential candidate from among the vice presidential candidates from the various civilist tickets after getting all of the civilist presidential candidates to agree to quit the race.

[Carles] "I do not foresee such a thing happening. We have the best ticket, whether you look at it on a person-to-person basis or collectively. We have the best government program. We are the most capable of executing our program and fulfilling it without poems, soap operas, and songs."

[Alvarado] Meanwhile, mayoral candidate Mayin Correa pointed out that should an alliance not be established among the political leaders, the people will rally behind Carles:

[Correa] "Seventy percent of Panamanians are civilist. We know Ruben Dario Carles. We know of his background, capabilities, and honesty. I guarantee that a majority of Panamanians, being aware of what they know about Carles, will vote for the best option—Carles—on Election Day."

[Alvarado] Carles made his statements during a march with Mayin Correa and supporters in the Bella Vista area. Carles and Correa talked to many Panamanians along the way. The march toured part of Via Espana and ended on Via Argentina, where a small rally was held.

Presidential Commission President on Canal Plan

PA2604205994 Panama City Telemetro Television Network in Spanish 1730 GMT 26 Apr 94

[Interview with Joaquin Jose Vallarino, president of the Presidential Commission for Panama Canal Affairs, by reporter Lucy Molinar from the Palace of the Herons in Panama City; from the "Telemetro Reports" newscast—live]

[Text] [Molinar] Mr. Vallarino, we would like to ask you how this commission will guarantee the country that this work, which has taken you two years to complete, can be implemented and that we will be ready when the time comes for us to take over the Panama Canal?

[Vallarino] I think the best guarantee is what has been done and what is written. It has been written in very clear and specific words. Each recommended step is defined and explained.

[Molinar] Let us talk about specifics so that we can better inform the people. Will a ministry or an autonomous institution be responsible for implementing the plan?

[Vallarino] The plan is to be implemented in three stages. A transition commission will handle the first stage. We are recommending to the president that this commission be appointed by decree and that it be formed by the most capable Panamanians he can find, despite the individual's persuasion. We are recommending the members be professionals from various fields so that all the areas, engineering, legal, environment, will be overseen.

[Molinar] Does this plan ensure the stability of Panama Canal workers?

[Vallarino] I believe this is one of the most important things of which we must assure the Panamanian people. Those who work for the canal will continue to enjoy the same working conditions and benefits and will abide by the same rules and regulations they follow today.

[Molinar] Let us talk about rules and regulations. Will they be allowed to stop canal operations at any time?

[Vallarino] One of the nicest things that happened while we were discussing that aspect was that union representatives went to the Legislative Assembly and told us they agree canal operations should never stop; therefore, we are willing to give them the right to strike, and we can also tell the world we know Panama Canal operations will never be stopped due to a strike.

[Molinar] Who will handle canal revenues and where will this money go?

[Vallarino] That is also properly explained. Even though canal administration authorities will have all the autonomy they need, they are also asked to have direct ties with the government and the legislative branch, via special representatives. Financially, they will be totally independent.

[Molinar] Where will the profits go?

[Vallarino] These will first be set aside for improvements. What is left over will go to the treasury. We are looking for a way for the canal to produce, for the nation, at least the same economic benefits we receive today.

[Molinar] Will it be possible to implement this plan despite the political ups and downs? Can we overcome our political differences and not appoint another commission, and so forth?

[Vallarino] If we all believe in democracy, the way I believe in democracy, the people's voice will give the orders. If the people remain united in defense of democracy and remain united in the message we received—that they do not want politics to meddle in canal administration—then all the presidents will have to respect those principles.

Presidential Candidates Hold Last Debate

PA2804011194

[Editorial Report] Panama City Television Networks in Spanish at 0100 GMT on 26 April broadcast a live debate by four Panamanian presidential candidates—Ernesto Perez Balladares of the Revolutionary Democratic party (PRD); Ruben Blades of the Papa Egoro Movement; Ruben Dario Carles of the Change '94 coalition; and Eduardo Vallarino of the Christian Democratic Party (PDC)—from the TVN television studios in Panama City. The debate, which is moderated by Rodrigo Eisenmann, president of the Latin American Institute of Advanced Studies (ILDEA), includes panelists Rosa Maria Britton, Octavio del Moral, and Roberto Reichard, who pose questions to the four candidates. The debate is sponsored by ILDEA and the Media Presidential Debate Committee.

The debate gets under way with Britton asking Perez Balladares if the development of science and technology is necessary for the nation's modernization, indicating that Panama and Haiti are the only Latin American nations that do not have a state council devoted to science and technology. Britton asks: "What policy would your government adopt for the development of science and technology in our country?"

Perez Balladares replies: "We have proposed increased integration between the private sector and the national education system."

Britton then asks whether Perez Balladares has taken into consideration the creation of a technology ministry, such as in Costa Rica. To this Perez Balladares replies that this would be a bit overly ambitious, and, instead, he would opt for a science and technological institute closely linked to the private sector, because a ministry would tend to get bogged down in bureaucracy.

Commenting on this same topic, Vallarino says he does not agree with the formation of a science and technology institute; rather scientific and technological development should be centered within the universities.

Carles comments that there are already too many institutions, and therefore this issue must be analyzed and reviewed.

Blades says, "Until the nation defines where it is headed, it will not be possible to integrate any technological knowledge." He adds: "The nation must first define its course, its development, and those areas that will require technicians."

Next, Reichard poses a question to Vallarino. Taking into account Panama's limitations, Reichard asks what areas should be stressed to improve the nation's living conditions in the next five years. Vallarino replies, "Considerable improvement can only be achieved by raising Panamanians' income, and, in order to do this, job opportunities must be increased." He continues by pointing out that official statistics indicate that Panamanians' real income has not risen within the past 20 years.

Commenting on the same subject, Carles says that if the resources used for education, health, transportation, electrical power, water, communications, public security, and social security were managed more efficiently, they would improve the standard of living.

Blades, meanwhile, says: "We must create an opportunity for investments to come and remain in Panama, and these investments should not be concentrated in the Province of Panama."

Vallarino also comments on this issue: "Social services are very important for Panamanians with low income." To raise the standard of living, we must provide much better public services.

Perez Balladares makes a final comment on this issue: "I share the view that in order to enjoy a good standard of living, one must have a good job." Therefore, he adds, we have taken into account means of generating more jobs. He also says income must be redistributed through state-run investments. However, he notes, none of this is can happen if the nation fails to raise its cultural level.

Octavio del Moral asks Carles to outline specific solutions in his program to ease the dreadful conditions of the prison system. Carles responds that the citizens who have been sentenced to jail must pay for their crimes; however, the state should provide the means for inmates to serve their sentences in a decent manner. Historically, Carles says, the Panamanian state has been negligent in creating institutions that serve as rehabilitation and education centers.

In further commenting on the poor state of the country's prisons, Carles says the state has failed to provide adequate conditions and training for inmates, despite having built a new prison. He says his administration intends to review the prison system and to relocate prison installations to more adequate places, as well as to try to improve the conditions under which the inmates are currently living.

In responding on the same issue, Blades says that in 1973 he visited the Coiba penal colony and was able to ascertain conditions on the island. According to Blades, one of the things that has never existed in Panama is the inclination to confront the problem once and for all. He also notes there has never been any interest in clarifying whether the system is designed to punish or to rehabilitate. Blades adds, "Not only has the situation not changed, but it has deteriorated." According to Blades, the problem not only lies in the prisons, but also in a judicial system that has proved to be ineffective.

Perez Balladares says there are three problems with the prison system which must be attacked: 1) insufficient facilities, 2) preventing crimes through programs aimed at educating, and 3) training programs aimed at rehabilitating criminals for the day they will reenter society. He adds that prisons currently serve "more to train inmates for further criminal activities than as deterrent." According to Perez Balladares, one solution to this could be the creation of halfway houses to train inmates on how to reenter society.

Vallarino says he believes conditions in Panama's prisons are beyond words, adding that there have been instances when society's attitude against inmates are sometimes more heinous that those of the inmates against society.

In response to a question on efforts to encourage education in Panama, Blades says one of the first things that must be done is to increase funds earmarked for education—funds which today are "outrageously inadequate."

Perez Balladares, meanwhile, says that if the nation invests in cultural issues, it will be able to garner more productivity from its human investment.

According to Vallarino, if the nation expects to promote education, it must focus on the problem from within the family, because this is where any individual's first experiences originate.

One of the main problems that currently prevents promoting education, according to Carles, lies in the numerous state institutions that interfere with one another. There is no coordination between these institutions, which, in turn, has merely created an unwanted bureaucracy.

Panelist Roberto Reichard asks how each candidate would confront the problem of limited resources and how to distribute these resources equitably among an ever-increasing population.

Perez Balladares says his administration plans to create an urban planning agency to provide basic services to each community in an ordered manner to prevent the demographic chaos that could take place at the end of the century. With respect to disorderly population growth, Perez Balladares says he does not advocate population control campaigns, but instead he supports programs by institutions such as the Family Planning Association.

In discussing the population issue, the other three candidates agree that the fundamental problem lies in inadequate information at all levels of society. On the other hand, Blades believes the situation is further complicated by irresponsible fatherhood plus the lack of respect toward women, both of which are cultural problems.

Candidate Vallarino is asked whether he plans to amend the Labor Code, and, if so, how. Vallarino replies that the Labor Code is "certainly one of the factors inhibiting investment in Panama." Noting that the Labor Code is obsolete, he adds: "Panama's labor leaders know this perfectly well. I would not amend the Labor Code. I would make the unions, in a joint effort with the private sector, amend the Labor Code." Based on his experience as president of the Labor Foundation, he says it is possible to "reach an understanding without any side having to renounce its interests." He adds: "Negotiation and a consensus are possible, even easy, if goodwill and understanding between the sides exist." Commenting on Vallarino's answer, Carles notes that, while promoting assembly plant activity in the country, he has learned "it is easy to find a consensus between workers and businessmen, and the state should not meddle, play politics, or discriminate in favor of one party or the other." He adds that some laws are hampering the development of new business activities.

On the same subject, Blades points to the Stability, Competitiveness, and Employment Pact established in Mexico, which seeks to generate more jobs "without worsening working conditions." He adds: "I believe we can reach such a point through a concerted effort. I believe we must not worsen Panamanian working conditions." Blades says new formulas must be presented in order that both business and labor understand "they are a part of Panamanian society, and that a consensus must be reached without allowing class-related, ideological, or economic interests to prevail."

In the opinion of Perez Balladares, the key word on this topic is "competitiveness," and to achieve this, "we must have a Labor Code that allows us to compete with other countries vying with us for investments." He adds, "We must also have efficient private enterprise, because we cannot pin the blame on the workers." He also says, "We must have a state that promotes a consensus and which is, in turn, efficient in providing necessary services."

Panelist Britton broaches the topic of the country's health care system, and he asks Carles how he would improve the country's health services. Carles answers that the state earmarks a significant amount of money to this sector, "but we must improve its level of efficiency by having more doctors placed in charge of administration." He adds that public services are not just inefficient because of a lack of funds, but also because of mismanagement.

Blades notes that health care is of utmost concern. He feels the system must not be politicized and resources should be better allocated. Perez Balladares, in turn, notes that all major health indicators have dropped in the country, and he says the lack of adequate drinking water is one of the reasons for this. Vallarino says that in this campaign he has had the opportunity to visit many hospitals. He believes that decentralizing health services would enable each community to have a greater say in improving services.

Reichard asks Blades what specific actions he would take to stop illegal mass immigration. The Papa Egoro candidate begins by saying a law has to be enacted to define the functions of the police, including the border police. He adds that the government is one of the "chief culprits" in allowing the smuggling of illegal aliens into the country.

Reichard then asks Blades to specify what measures can be taken to prevent this. In Blades' opinion, "the corruption generated by this sort of activity" has to be combated. He argues that for many poorly paid public employees, this activity constitutes "almost a survival mechanism." In addition, the opportunity for smuggling illegal aliens exists because "crime generally goes unpunished in the country." He adds, "We have to punish those who break the law," and this will immediately send a signal from the highest level of government to the lowest.

Speaking on this same topic, Perez Balladares say some ethnic groups are exploited by being asked to pay huge sums for visas in order to emigrate from their native countries. He says he would take steps to keep these people from being exploited by their own compatriots who are in Panama or by immigration officials. He agrees that police working in border areas need to be professionalized.

Vallarino says the Immigration Law needs a complete overhaul, "because Panamanians have not yet decided who we want to come to Panama." Carles agrees on the need to revise the Immigration Law, because this is a problem of corruption "that begins in the consulates, the Public Registry Office, and the Immigration Office."

Perez Balladares stresses the need to introduce legislative reforms that will permit expediting judicial cases. He says such cases can be accelerated with the support of the lawyers.

Panelist Octavio del Moral notes that Perez Balladares has suggested the next attorney general be selected from a list to be supplied by the Bar Association and the Law School, but notes adds that in the last bar election, 91 percent of its members abstained from voting. This, therefore, would be undemocratic. Perez Balladares says he does not agree with this argument, because the lawyers are being consulted, and if they do not want to participate, then that is their prerogative.

Vallarino claims that the fundamental problem in the administration of justice has been the selection of those individuals who impart justice, recalling the cases of the last two attorney generals.

Carles notes that the quality of personnel both in the Attorney General's Office and in the judicial system "must be improved." He says he would not rely on the Bar Association and unions, because that is where the worst manipulators have existed for years. He suggests seeking a variety of options to end impunity, deficiencies, and the slow administration of justice.

Blades notes that the main problem in this area has been the nonexistence of budgets needed for an expeditious handling of justice.

At this point, Britton asks about the Panama Canal, which requires constant maintenance. She says this cannot be achieved if it is administered with the bureaucracy that has prevailed in the government.

Vallarino responds: "The Canal needs autonomy, but real autonomy. The National Assembly is already studying constitutional reforms that are directed toward that goal. I and 100 other Panamanians helped prepare those regulations. Our primary concern was to keep the Canal administration from suffering from the vices that occur regularly in the Panamanian Government and—I do not want to exclude it—in the U.S. Government. We are not unique in this. So autonomy is definitely a part of the constitutional reform."

To the same question, Carles states: "The Canal will efficiently perform its task; that is, transiting ships. Our problems lie in the decisionmaking process. Important decisions have to be made at the administrative level. The Americans have trained thousands of Panamanians for many years. In that respect, the Canal will operate correctly. Let's not have any doubt about that. We need to prepare ourselves for the decisionmaking process. We need to have the appropriate means to make policy decisions on wages, purchases, investments, tolls, and employment."

Blades responds: "I would like to say two things. First, the Canal situation should be viewed in terms of the law and the personnel. What worked for 79 years should continue to work the same way with the same efficiency. In other words, things must be done intelligently with the same efficiency and by remaining consistent with our laws, the laws that allowed the Canal to operate efficiently for 79 years, even if they are U.S. laws. We must make them consistent with our laws.

"Second, the labor situation in the Canal Zone should not deteriorate. The same circumstances that have made employees happy and led to uninterrupted success—that is, the successful operation of the Panama Canal for 79 years—should be maintained."

Regarding the Canal, Perez Balladares responds: "There is a Panamanian saying that sums it up quite well. If it isn't broken, don't fix it. I think the Panama Canal has been working perfectly well for many years. We have to make our laws, Panamanian laws, consistent with the system and assimilate the practices, personnel policies, wage administration policies, the merit system, everything that has made the Canal function well. Then there must be a total decentralization."

Perez Balladares adds: "We hope that on 31 December 1999, the only ones who will know that there has been a change of administration will be the Panamanians. The rest of the world will see the Canal functioning normally."

Vallarino adds, "We have the talent to administer the Canal, perhaps better than it is being administered now."

Reichard asks Carles that, if he is elected president, when he ends his term in August 1999, what kind of nation will he bequeath to future generations in the year 2000.

Carles responds: "The 8 May elections will be the most important in the country's history, because we must create the institutions that will permit the smooth transition from the present to the future. For instance, if elected, one of the first things I must do is consolidate the monetary system to ensure financial and economic stability."

Noting that Panamanians have greater capabilities than many people give them credit for, Carles begins answering a question on whether or not he can, within five years, instill a feeling of hope among the Panamanians. He explains: "This is not a poor country. We just have to manage our resources better. As comptroller I learned how to manage things. As comptroller, I corrected the pattern of waste in public funds evidenced in the videotape" released on national television by President Guillermo Endara. Carles notes that what is required is "a balanced budget, fiscal stability, and disciplined public finances."

Ruben Blades, responding to the same question, says it is indeed possible to instill hope in the people within five years. Perez Balladares says his commitment is to the future and to a united Panama. Vallarino says unity is necessary for the sake of the country's future.

Carles takes the floor again and notes that it is fine to think about the future, but he warns the past cannot be forgotten. "I wish," he states, "we could engage in a real debate and speak about what the PRD represents for the country's future, especially considering that notions and practices involving statism and interventionism continue to prevail."

Panelist Octavio del Moral then asks the candidates whether the Panamanian Constitution has become a shackle inhibiting the establishment of true democracy in the country.

Ruben Blades says he favors a Constituent Assembly, but he does not favor simply putting "patches" on the Constitution.

Perez Balladares responds to the same question in this way: "Of course the Constitution has to be changed, modified, and made adequate for reaching national objectives. Perhaps this will contribute to securing the reconciliation we so much desire."

Vallarino says he favorably views a Constituent Assembly, but he warns this process could impose a six-month delay on Panama's economic and social development. "Such a delay is critical for those who do not have a job and have to resolve basic needs." He adds, "In my opinion, this project is of secondary importance, considering the many social needs of the Panamanian people today."

Carles affirms that the current Constitution "is the result of the aberrant and arrogant presence of a military caste and its political expression—namely, the PRD. This must come to an end." Carles adds that, if elected, on 9 May he will create "a commission that will present proposals on how to reform the Constitution or how to prepare the way for a Constituent Assembly."

Ruben Blades then makes his final statement in which he says that he would not hold a Constituent Assembly right away because there are other priorities, but he adds that it is important to hold one.

Moderator Rodrigo Eisenmann closes the debate by thanking the candidates, the panelists, and the television viewers.

Argentina

Senators, U.S. Officials Discuss Patents Bill

PY2604163894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0022 GMT 26 Apr 94

[All names and titles as received]

[Text] Buenos Aires, 25 Apr (NA)—Senators from the Justicialist [PJ] and Radical Civic Union Parties [UCR] were of one mind in pointing out to U.S. Government officials today that Argentina might only join NAFTA through Mercosur [Common Market of the South] or with the consent of its member countries.

The senators, moreover, asserted that the upper chamber will pass a new law on patents for pharmaceutical products, although they anticipated that it will not totally match up to U.S. demands.

These remarks by PJ and UCR senators were made during a meeting with John Heuneman, deputy assistant secretary for the Western Hemisphere at the U.S. Commerce Department; Sean Murphy, director of Southern Cone affairs at the U.S. State Department; and Peter Whitney, commercial attache at the U.S. Embassy in Buenos Aires, in the Senate's Gray Hall this afternoon.

PJ Senators Augusto Alasino, Mario Fadel, and Ricardo Branda; UCR Senators Jose Genoud, Ricardo Lafferriere, Jorge Cendoya, and Conrado Storani; and Corrientes Autonomist Party Senator Antonio Romero Feris also were at the meeting.

Among the U.S. delegation members, Heuneman did most of the talking; he stressed that it would be most advisable for Argentina to pass a new patents bill, even though he neither mentioned deadlines nor made it a condition for Argentina to be able to join NAFTA.

Heuneman stated the acknowledgement of inventors' rights will foster research development in our country. He added that international experience shows that patented medicines are not more expensive, as Argentine laboratories contend.

Sen. Genoud, chairman of the Industry Committee, said his party will not approve a new patents law until Congress ratifies the recent GATT agreement establishing the World Trade Organization.

Genoud pointed out to the Americans that the chapter on patents in the GATT agreement "establishes more flexible guidelines" than U.S. requirements in this area. He added that it would be a contradiction for Washington to have signed the Marrakech pact and yet claim conditions that go beyond what was established under that international agreement.

Genoud explained that the Patents Bill is currently under discussion in Congress and that public hearings are being conducted to learn the parties' stance on this matter. He noted that this round of hearings will end on 19 or 26 May with a deposition by Economy Minister Domingo Cavallo.

Alasino told the U.S. Government officials the Senate will pass a new patents law, although he made it clear that the upper chamber is analyzing the way of maintaining a balanced market and is trying to establish a deadline for the implementation of the patents law that will enable domestic laboratories to accommodate the new regulations.

With regard to this, he conceded that the Senate is talking about a 10-year deadline to acknowledge intellectual property rights either by the payment of royalties [preceding word in English] or by the granting of a monopoly to the medicines' inventors.

Menem: 'Just Bad Luck' If U.S. Applies Sanctions

PY2704191994 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1527 GMT 27 Apr 94

[Text] Buenos Aires, 27 Apr (NA)—President Carlos Menem today downplayed possible U.S. sanctions against Argentina if the draft law on medicine patents is not approved.

Menem said that if the Bill Clinton government adopts this measure "then it will be just bad luck; we have done what we should have done. We have submitted the appropriate draft law to Congress and it is now there."

He said that "this, of course, could cause some problems for Argentina," although he said: "We have excellent relations with the United States, and the world is not only NAFTA; the world is also the EC and the other blocs that have been created in other continents."

He then stressed that "Argentina and Mercosur [Common Market of the South] are in a position to establish situations similar to NAFTA with those blocs that have been created elsewhere."

"We will continue to try and get that draft approved and, of course, we will lament it if they apply sanctions against Argentina, but the country will in no way stop functioning," he added.

Cavallo: Nation Will 'Defeat' Any Sanctions

PY2704115894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0027 GMT 27 Apr 94

[Text] Washington, 26 April (AFP-NA)—Economy Minister Domingo Cavallo today revealed that Washington is getting ready to put Argentina on the list of nations that could be subject to commercial sanctions. Cavallo said, however, that if the United States goes ahead with the threat the country will appeal at GATT and defeat the measure.

"The matter of threats with sanctions is irrelevant to us," Cavallo said in a news conference at the end of his meeting with U.S. Trade Representative Michael Kantor and other economic cabinet officials.

Kantor "told me that it is practically decided to incorporate Argentina on the list of countries" on a list of priorities for sanctions in a maximum period of 18 months. The sanctions would be due to commercial practices unacceptable to the United States, Cavallo said.

The minister stressed, however, that once the U.S. and Argentine Congresses ratify the Uruguay Round of GATT agreements signed in Morocco on 15 April, "no single party will be able to impose sanctions against another party as long as the other party fulfills its obligations under the chapter on TRIPS (intellectual rights' protection)."

If the United States applies sanctions, "we will ask (GATT) to appoint an investigation commission and we will win the case," the minister insisted.

The conflict revolves around Argentina's lack of respect for U.S. pharmaceutical rights.

Cavallo said a draft bill on patents protection similar to the bill approved by Mexico in 1991, which was widely approved by the international community, currently is being discussed by the Argentine Congress.

He stressed, however, that "Argentina's decision to grant patent protection to pharmaceutical products will not be adopted under pressure or according to the list on which we are included," but "to make sure that Argentina will be a country where research for new pharmaceutical products and strong investments are possible."

Cavallo told Kantor that the threats, "instead of helping the approval of a patents law in Argentina, will create more resistance."

The minister also met President Bill Clinton's assistant for economic policy, Robert Rubin; Commerce Secretary Ronald Brown; and Laura Tyson, Council of Economic Advisers chairman.

The minister said he "found a very good climate for everything" in the four meetings he held with these officials today. Earlier he had participated in IMF and World Bank meetings.

"I am very satisfied," Cavallo stressed.

The minister said that during his meetings with the U.S. officials he proposed that the December hemispheric summit in Miami "issue a communique declaring the American continent a zone free of agriculture subsidies."

Argentina would consider it "very encouraging if the presidents of the hemisphere agree not to permit the entry of subsidized agricultural products into the continent (...) and that our countries will not subsidize the sale of their agricultural products to other countries in the continent."

The four U.S. officials told him that the initiative was "worth analyzing and studying."

The Argentine minister said his country was not taking any steps to be placed on the list of countries eligible to join NAFTA that is being prepared by the United States. Cavallo added, however, that he would be "surprised" if Argentina and Chile were not the first two nations in the list.

The list of countries liable to suffering sanctions as well as the list of countries eligible to join NAFTA are "too unilateral for our liking," Cavallo said. "This thing about lists is a U.S. problem," Cavallo added.

Ambassador to Geneva Lauds GATT Agreement Signing

PY2604224394 Madrid EFE in Spanish 1523 GMT 26 Apr 94

[Text] Geneva, 26 Apr (EFE)—Argentine Ambassador to Geneva Juan Sanchez Arnaud has said that the Uruguay Round of GATT talks is the most important trade agreement ever signed. Sanchez said the agreement opens a new stage in the history of international economic relations and consolidates multilateralism.

The ambassador talked at the UN Conference on Trade and Development, UNCTAD. He said the agreement "permitted us to progress in the process of reducing tariff obstacles in the industrial field, allowed us to improve the situation of agriculture and services, and facilitated the introduction of trade measures on investments at the multilateral level."

The ambassador stressed the importance of adopting and improving the codes approved during the Tokyo Round of talks, which has consolidated a broad variety of norms directed at regulating aspects of international trade, providing clarity, and eliminating discretionary powers and unilateral decisions in imposing trade obstacles or applying sanctions.

Another important decision was the creation of the World Trade Organization (WTO), which will work on the liberalization process and will broaden the multilateral discipline. At the same time, the new mechanism to resolve conflicts will consolidate the legal bases of the complex system of norms, and will address problems and conflicts between trade and the environment.

Sanchez Arnaud said that not all of the results of the Uruguay Round were up to expectations. The ambassador added that perhaps the greatest shortcoming was the lack of correlation between the contribution of developing countries to the process of trade liberalization and the new opportunities they will have through the proposals of the industrialized countries.

The ambassador said that the second shortcoming was the limited scope of the agreement on agriculture. "My country and all other members of the 'Cairns Group' of agricultural producers, which do not subsidize their production, wanted to have an agriculture agreement worked out to raise the area to the same level of conditions approved for the industrial area, particularly through internal and export subsidies and the reduction of import obstacles," the ambassador said.

"The results are far from our aspirations, although we must stress that what has been achieved is the first step toward changing protectionist agricultural policies which, in the first place, affect developing countries, and secondly affect the consumers in countries encouraging such protectionist policies," Sanchez said.

The lack of concrete results favoring less developed countries "is a shortcoming that concerns us all, because the solution to the grave problems affecting developing countries lies in an improvement in trade and the introduction of structural changes to increase production and improve infrastructure conditions."

Croatian Official Arrives for Official Visit

PY2704174994 Buenos Aires Radio Nacional Network in Spanish 1600 GMT 27 Apr 94

[Text] Croatian Foreign Minister Mate Granic arrived today in the country for a 48-hour official visit. He will meet President Carlos Menem and Foreign Minister Guido Di Tella.

Granic is the first Croatian official to visit Argentina since the establishing of diplomatic relations between the two countries.

Granic also will sign the first overall cooperation agreement with his Argentine colleague, and he will discuss a bilateral agreement regarding the drafting of an agenda containing topics of common interest.

Lithuanian Foreign Minister Ends Official Visit

PY2604142294 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0058 GMT 26 Apr 94

[Text] Buenos Aires, 25 Apr (NA)—Lithuanian Foreign Minister Povilas Gylys today concluded his official visit to Argentina. During his stay, Gylys met Foreign Minister Guido Di Tella and they discussed the development of bilateral relations and issued a joint declaration.

During his visit, the first in the two countries' history, the Lithuanian foreign minister gave a news conference at the seat of the Argentine Council for Foreign Relations (CAIR) in which he spoke about "the priorities for Lithuania's foreign and economic policies." On the occasion he was made an honorary member of the organization.

The two foreign ministers held a meeting in which they discussed the development of bilateral relations as the main topic, and the Lithuanian delegate was handed a draft of an agreement on the promotion and protection of investments.

In addition, Di Tella and Gylys signed a joint declaration, and afterward the visitor was given a luncheon by the Foreign Ministry.

Finally, the Lithuanian foreign minister was accompanied during his visit by his country's ambassador to Venezuela, Vytautas-Antanas Dambrava; and the chief of the Americas Division of the Lithuanian Foreign Ministry, Stasys Sakalauska [name as received].

Defense Minister: Resignation Rumors 'Far From True'

PY2604211694 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0251 GMT 26 Apr 94

[Excerpts] Buenos Aires, 25 Apr (NA)—Defense Minister Oscar Camilion tonight denied rumors regarding his resignation. He also denied that he would comment on the murder of conscript Omar Carrasco, arguing that "clairvoyance is not my business, I manage a ministry."

During the Adad & Longobardi television program, the minister compared today's rumors regarding his resignation with "last week's reports which assured that President (Carlos) Menem had undergone an operation."

Camilion stressed that the rumors regarding his resignation "are far from true," adding that "maybe they are being floated by some internal faction" unknown to him. [passage omitted]

Answering a question on a possible deterioration of the image of the Armed Forces and civilian disobedience against compulsory military service, Camilion said: "If something like that happens, it would be due to a compounding of many involved factors."

"If a deterioration of the Armed Forces image is encouraged, then those who encourage it are active participants or, of course, it would not be spontaneous," he emphasized.

The minister compared this topic "to political factors and campaigns," like what happened "during the recent march in Neuquen Province, when the slogans were clearly political." [passage omitted]

Grand Front Threatens To Leave Constituent Assembly

PY2604174094 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2349 GMT 25 Apr 94

[Excerpt] Buenos Aires, 25 Apr (NA)—The Grand Front (FG)'s Constituent Assembly members confirmed today their rejection of the Olivos Pact Basic Agreement Nucleus [Nucleo de Coincidencias Basicas del Pacto de Olivos] and announced their decision to walk out of the Constituent Assembly at voting time if the "13-point 'package'" agreed upon between the PJ [Justicialist Party] and the UCR [Radical Civic Union] on the constitutional reform issue "is not opened."

The proposal was approved today by 29 of the 31 FG Constituent Assembly members elected on 10 April. This was the FG's first meeting after the elections. The meeting was held in the new FG headquarters at the intersection of Rivadavia Avenue and Ayacucho Street.

The meeting was chaired by Deputy Carlos "Chacho" Alvarez, Deputy Graciela Fernandez Meijide, Deputy Fernando "Pino" Solanas, and Neuquen Bishop Monsignor Jaime De Nevares.

Among the FG's main leaders also present were former Deputy Carlos Auyero, teachers union leader Mary Sanchez, Buenos Aires municipal councilman Anibal Ibarra, metalworkers union leader Alberto Piccinini, [Communist Party leader] Patricio Etchegaray, and Eduardo Barcesat.

During the meeting, it was confirmed that Monsignor De Nevares will be the FG candidate for Constituent Assembly president. De Nevares' candidacy was raised by Solanas. The Constituent Assembly is scheduled to reform the Constitution. [passage omitted]

Eduardo Menem Reelected Senate President

PY2704024494 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2153 GMT 26 Apr 94

[Text] Buenos Aires, 26 Apr (NA)—The Senate this afternoon reelected Justicialist Party [PJ] Senator Eduardo Menem for the sixth consecutive time as provisional Senate president, and confirmed PJ Senator Oraldo Britos as Senate vice president.

The Senate unanimously elected Rio Negro UCR [Radical Civic Union] Senator Faustino Mazzucco as Senate first vice president, and Neuquen Popular Movement (MPN) Senator Jorge Solana as Senate second vice president.

The elections involving the four posts took barely 20 minutes during a session to which Presidential Secretary General Eduardo Bauza, former Interior Minister Julio Mera Figueroa, and Institutional Affairs Secretary Liliana Gurdulich de Correa had been specially invited.

'Ultra-Right Extremist' Detained; Arsenal Seized

PY2604230694 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2042 GMT 26 Apr 94

[Excerpts] Buenos Aires, 26 Apr (NA)—It was officially reported today that an "extremely dangerous ultra-right extremist," who had been working in the Army until last year as a civilian intelligence official, has been detained by Buenos Aires police agents on an island in Tigre District. About 30 kg of explosives, antitank rockets, 24 grenades, and arms of various calibers and ammunition were also seized.

Police and court sources have indicated that the detainee, officially identified as Alejandro Jorge Socksdorf, 35, is a member of a "Painted Faces" group whose members had allegedly been training "to rescue" former Colonel Mohamed Ali Seineldin, sentenced to life imprisonment for heading a military uprising on 3 December 1990.

The operation in which Socksdorf was detained was ordered by San Isidro Federal Judge Roberto Marquevich. Buenos Aires Islands Security Corps police participated in the raids on an island near the Antequeda Creek, 400 meters from the Parana de Las Palmas river confluence.

Inspector Juan Carlos Rebollo, the Buenos Aires Islands Security Corps chief, said the detainee "is an extremely dangerous person." Rebollo emphasized that the area where the raids were carried out is reportedly "a training camp for ultra-right extremists" because "a large number of spent cartridges" were found in the area.

Rebollo explained: "In addition to the arms seized, we also found targets and other items that lead us to believe that people were trained there. A heliport was found at the far end of the island."

Based on this, Rebollo emphasized that the 15-hectare island might be "a training center," specially for former "Painted Faces" military officers.

He indicated that extreme-right literature was also seized, reinforcing the possibility that the detainee is part of an extreme right group. [passage omitted]

The police seized 24 MK2 grenades, an unspecified quantity of 9-mm pistols, at least 10 "Energan" antitank rockets which are launched by FAL rifles, a large quantity of 7.62 and 12.70 caliber ammunition, and a "homemade firing stand" [preceding word in English] for mobile targets.

Inspector Rebollo added that 10 rifle-launched rockets, one FMK 2 grenade, three electric detonators, and 100 grams of dynamite were also seized.

Buenos Aires Security Secretary Alberto Piotti noted that 46 pounds of TNT—in 1-pound pieces—rapid and safety fuses, detonators, a 12.70 caliber shotgun [as received], an unspecified quantity of dynamite, and a Browning pistol with erased license numbers were also seized. [passage omitted]

In a brief communique signed by Colonel Eduardo Alfonso, the Army Press Office chief, the Army General Staff indicated that Socksdorf was a "civilian employee" in the Army until 1993 when he was "fired" for undisclosed reasons.

Army sources reported that Socksdorf, who was a PCI [Civilian Intelligence Personnel] grade employee, participated in the operations to recover the 3d Infantry Regiment of La Tablada that was surrounded on 23 January 1989 by a group of For the Fatherland Movement (MTP) militants.

Inspector Rebollo noted that when the raid began, Socksdorf introduced himself as "an IN-11 grade Army member and many other things which the judge (Marquevich) will have to determine if they are true."

Police sources contacted by NOTICIAS ARGENTINAS stated that the detainee "has significant military training" and so the possibility that "he is a trainer of other members of the cell" has not been ruled out. [passage omitted]

Another Suspect Arrested in Arms Case

PY2704170394 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1131 GMT 27 Apr 94

[Text] Buenos Aires, 27 Apr (NA)—Another arrest was made at midnight by the Buenos Aires Province Police in the investigation San Isidro Federal Judge Roberto Marquevich is carrying out into the discovery of a powerful arms cache on an island in the Tigre District.

According to court sources, the arrested person has been identified as Daniel Sinaglia and, as in the case of Alejandro Sucksdorf, he carried out intelligence activities for the Army.

Sinaglia's arrest was made at midnight in the town of San Fernando, according to sources close to Judge Marquevich.

Brazil

Business With PRC, South Africa Increases

PY2604162694 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Apr 94 p B4

[Article by Aldo Renato Soares]

[Text] Brasilia—Some of the main Brazilian construction companies like Mendes Junior, Andrade Gutierrez, and CBPO [expansion unknown] will form a consortium with Chinese companies to build the largest hydroelectric dam in the world: the Three Gorges project, which will be twice as large as the Itaipu hydroelectric dam [in Foz do Iguazu, Brazil] when finished. The estimated $20 billion project will be completed in 15 years. Guo Xuyan, president of the Three Gorges project, will arrive in Brazil next month to visit Itaipu and hold talks with construction companies and capital goods suppliers (turbines and electricity generators).

The Brazilian trade offensive is being prepared by the Itamaraty Trade Promotion Department in reply to the Asian countries' interest in increasing trade with Brazil. At least two official Chinese trade missions have visited Brazil in the past six months, contacting government officials and business leaders. Currently a mission of 30 Brazilian businessmen is touring Singapore, Vietnam, and Malaysia looking for business deals and partnerships. In May, a business delegation will accompany President Itamar Franco to the PRC, and in September another business mission will travel to China, South Korea, and Indonesia.

Priority

Southeast Asia is one of Itamaraty's priorities. "It is the fastest growing region in the world, and China is the largest country in the region," a diplomat said. In the past few years, trade with China has been increasing at 20 percent annually, and trade between the two countries surpassed $1 billion in 1993.

Brazil's main interest is to participate in hydroelectric, mining, and telecommunication projects, as well as in pharmaceutical industry, software [preceding word in English], and satellite launching and manufacturing technology deals. Some deals already are well under way. A Brazilian company will supply the Chinese Government with digital centrals for rural telephone systems—a contract whose negotiations started in November 1993.

A Sao Paulo enterprise will sell banking automation equipment to the PRC. The CBPO, Mendes Junior, Andrade Gutierrez, and Vale do Rio Doce construction and mining companies already have set up offices in Beijing. This year Brazil and the PRC will commemorate 20 years since the reestablishment of diplomatic relations between the two countries. "Businesses tend to increase given the large size of the two countries in the international context," an Itamaraty source said.

South Africa

Another market in which Brazil is interested is South Africa, which intends to invest nearly $5 billion in a reconstruction and development project. A Brazilian business delegation visited South Africa and returned very optimistic about future business opportunities. South Africa is a rich country with considerably developed technology, which is concentrated mainly on the white minority.

Elections will be held there on 27 April, and African National Congress leader Nelson Mandela is expected to win and introduce a deep transformation in the country.

A Brazilian company closed a deal to export tow trucks, and other Brazilian companies will participate in the duplication of telephone circuits, thus expanding telecommunications routes between the two countries.

According to a diplomatic source, the South African Government is particularly interested in obtaining intermediary technology in the fields of steel mills, mining, electricity, petrochemical, and agribusiness.

Some Brazilian construction companies will be able to participate in a project to build 1 million low-income houses. "In the mid-term, 20 million people, mainly blacks, must become consumers," a diplomat said. In 1993, trade between Brazil and South Africa was $280 million.

PRC Joint Satellite Project Noted

PY2604212194 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Apr 94 p A16

[Text] Rio de Janeiro—Science and Technology Minister Israel Vargas announced yesterday in Rio de Janeiro that he will travel to China with President Itamar Franco on 17 or 18 May to make the last arrangements for a joint project by the two countries to build a remote control satellite for monitoring the earth's geological and weather conditions and soil, and for mapping purposes. The satellite, that will cost $150 million, should be finished in 1996. Brazil will finance one-third of the project. Vargas asserted: "If this project materializes, France will be our only competitor in this field."

Israel Vargas also said that this project is to be added to another for the construction of the first satellite made entirely in Brazil, which is being developed at the National Space Research Institute (Inpe) in Sao Paulo. According to Vargas, the Brazilian-made telecommunications satellite will cost between $30 and $40 million, and will be finished within the next four years.

The science minister also announced that in two months' time the largest factory for integrated circuits in the southern hemisphere will be dedicated in Campinas, Sao Paulo. He explained that a pilot plant is being set up at the Informatics Technology Center [Centro de Tecnologia de Informatica, CTI] and will cost $18 million. Vargas said: "This is a revolutionary project that will allow many scientists to participate in computer, electronics, and other projects."

Mission Wants Part of Vietnamese Reconstruction Package

PY2604173894 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Apr 94 p B4

[Text] Brasilia—Brazil will participate in the reconstruction of Vietnam, especially in connection with infrastructure projects and the exploitation of oil in the Sea of China. The IMF and the World Bank will lend the Vietnamese Government more than $10 billion to rebuild the country, and Brazil wants a share of the market that will be created with these funds. A Brazilian business mission—the first in the history of relations between the two nations—already has spent two days in Vietnam. On 23 April, the mission will travel to Malaysia, one of the most developed Southeast Asian nations.

Vietnamese Vice Foreign Minister Le Mai visited Brazil in October 1993 and conveyed Vietnam's interest in improving commercial relations with Brazil. In 1993 Brazil had a trade deficit with Vietnam: It exported goods worth $4.2 million and imported Vietnamese products worth $30.3 million (mostly rice and chemical products).

A Tiger

The Brazilian Foreign Ministry Promotion Department has pinpointed several business opportunities for Brazilian firms in Vietnam. Oil looks like the most promising field. Vietnam has large unexploited oil and natural gas deposits in the Sea of China. Brazil also is interested in infrastructure projects such as highways, hydroelectric power plants, basic sanitation projects, civil construction, and low-income housing.

Even before the U.S. commercial embargo on Vietnam collapsed two months ago, several U.S. companies had set up shop in Vietnam. "Vietnam is a cat that will become a tiger," according to a Brazilian Foreign Ministry official. Vietnam, which has a population of 60 million and a per-capita income of barely $200 per year, has established an economic system along the lines of the "Asian Tigers," and has been receiving investments from Japan, the United States, and European countries, mainly Germany.

Brazilian Gold Miners 'Repatriated' From Colombia

PY2604145794 Rio de Janeiro O GLOBO in Portuguese 23 Apr 94 p 8

[Text] Manaus—As of 23 April, the Colombian Army has been deporting Brazilian gold miners who are mining illegally in Colombia. According to the Amazonia Military Command (CMA), during the past few days 300 Brazilian gold miners have been repatriated through the town of Tabatinga (AM) [Amazonas State], some 1,500 km from Manaus, on the border with Leticia, Colombia.

The CMA reported that it is supporting the Brazilians, lodging them at the 8th Jungle Infantry battalion in Tabatinga. A FAB [Brazilian Air Force] plane was sent there to bring the gold miners to Manaus. Federal Police also are participating in the operation

According to the CMA, 84 gold miners already have been transported to Manaus in a FAP Buffalo plane. A Colombian Air Force plane today will transport another group of 90 Brazilians to Leticia. There have been no reports of any discord between the Colombian military and the gold miners.

The Brazilian Army also has carried out operations with the Venezuelan National Guard to repatriate Brazilian gold miners. According to Itamaraty, within the next few days the two armies will repatriate 136 gold miners from the Roriama State-Venezuelan border.

Domestic Public Debt Growth 'Source of Concern'

PY2604210394 Sao Paulo FOLHA DE SAO PAULO in Portuguese 22 Apr 94 Section 1 p 2

[Editorial: "Debt Concerns"]

[Text] The soaring growth of Brazil's public debt is a source of concern. This time, however, the long-standing distortions and shortcomings of public administration are not the main cause of this growth. FOLHA DE SAO

PAULO established on 21 April that skyrocketing interest rates have pushed the federal debt contracted outside the Central Bank from $43.7 billion in December 1993 to $50.6 billion in March 1994.

High interest rates hold demand in check, but are a heavy burden for the government. The high profit margin of federal bonds encourages the inflow of foreign capital, but converting dollars to cruzeiros for investments in the financial market also makes the domestic debt grow.

Ever since the Collor Plan failed and the Collor administration started using high interest rates as the main tool to counter inflation, there has been an underlying risk that the growth of public debt could cause instability.

Brazil's monetary policy is once again tied to a delicate balance. While on one hand soaring inflation is pushing interest rates up to sustain consumption and prevent hoarding, the payment of interest rates is increasing the debt and is fueling inflationary expectations.

After staying high in 1991 and 1992, interest rates fell significantly in 1993: Real interest rates stood at only 7 percent per year. This decline curbed the rate of expansion of the debt and allowed the country to start growing again. Meanwhile, inflation surpassed 35 percent in December 1993.

Interest rates again started going up in recent months, rekindling the concern over the size of public debt. A very short-term debt—mostly in bonds that mature in one month—growing at an excessively high speed could seriously complicate the medium-term stabilization process.

Industry Uses Price Conversion To Increase Prices

PY2604172394 Rio de Janeiro O GLOBO in Portuguese 23 Apr 94 p 20

[Article by Marcelo Rehder]

[Excerpt] Sao Paulo—The rule to convert prices into URV's [Real Value Unit] is not being taken into account in negotiations between industrialists and supermarkets. According to Firmino Rodrigues Alves, vice president of the Association of Sao Paulo Supermarket (Apas), since 18 April, 80 percent of the products already are being billed in URV's with prices between 8 and 12 percent higher than the last quarter of 1993. Provisional Measure No. 457, however, is quite clear: The conversion must be based on the average price of that period.

In March the supermarkets suspended purchases from the industrial sector in URV's. Since then they have been getting their supplies from the wholesale market or from the industries that continue to sell in real cruzeiros. The supermarkets started running out of this alternative two weeks ago when the wholesale market's stocks started running low.

Alves stated: "Now they [wholesale dealers] also will have to negotiate with the industrial sector." [passage omitted]

Lack of Quorum Prevents Vote on URV Measure

PY2704194594 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 27 Apr 94

[Text] The government will probably re-edit the provisional measure on the URV [Real Value Unit]. The Congress plenary gathered this morning to vote on the measure. The session, however, was suspended after an agreement with government leaders in Congress.

The congressional session began with the presence of 113 members of Congress, which is enough of a quorum to initiate the session but not enough to vote on the provisional measure that creates the URV. The congressional rural bloc, which has 200 members, was obstructing the session [through their absence]. They will only approve the provisional measure if the government accepts an amendment guaranteeing the correction of the minimum prices for agricultural products through the URV.

Since not enough members of Congress turned up for the session, the Congress director board and government leader in the Chamber of Deputies, Deputy Luiz Carlos Santos, decided to suspend the session. It is now thought that the government will tomorrow re-edit the provisional measure that creates the URV.

[Begin Santos recording] It would be irresponsible to attempt to have the provisional measure voted on without the certainty of holding a majority of votes in favor of its approval. Therefore, lacking the certainty of having the provisional measure approved, the government now must probably re-edit the measure. [end recording]

Study Shows Profits, Losses of Public Companies

PY2604211494

[Editorial Report] Sao Paulo O ESTADO DE SAO PAULO in Portuguese publishes on 25 April on page B3 a 400-word article by Fabio Pahim, Jr., on the gains and losses of the main Brazilian public companies in 1993.

A study was made by the Austin Asis Consulting Company among 309 accounting balances that had been published in newspapers. A chart listing the gains and losses of the main public companies, expressed in percentages of their net assets, lists the following companies as having incurred losses: Embraer, Brazilian Aeronautics Company: 74.7 percent; Cerj, Rio de Janeiro Power Company: 34.3 percent; Ceee, State Electric Power Company: 9.6 percent; Cesp, Sao Paulo Power Company: 8.4 percent; Cpfl, Sao Paulo Power and Light Company: 7.2 percent; Petroquisa, Petrobras Chemical Company: 4.3 percent; Telebahia, Bahia State Telephone Company: 2.7 percent; and Cemig, Minas Gerais Electric Powerplants, Inc.: 2.6 percent.

The companies that made profits during the same period, expressed in percentages of their net assets, are: Telerj, Rio de Janeiro Telecommunications: 2.1 percent; Vale do Rio Doce Mining Company: 4.2 percent; Petrobras, Brazilian Petroleum Corporation: 5.7 percent; Telesp, Sao Paulo Telecommunications: 10.4 percent; Telemig, Minas Gerais State Telephone Company: 12.5 percent; Telebras, Brazilian Telecommunications, Inc.: 13.1 percent; and Petro Distr. BR, Brazilian Petroleum Corporation Distributor: 18.1 percent.

Arms Manufacturer Bankruptcy Viewed

PY2704003094 Sao Paulo ISTOE in Portuguese 20 Apr 94 pp 74, 75, 76

[Report by Jayme Brener and Helio Contreiras]

[Text] Under the rules of an old sea dog, a captain goes down with his ship. What the rules do not state, but which is taken for granted, is that before sacrificing himself he should do everything possible to save the ship. By the same logic, generals should try to prevent their tanks and troops from getting stuck in the mud. This was the reason behind the attempt by Imbel, the Army War Material Industry, to use whatever means were necessary to save Engesa [Specialized Engineers, Inc.]—which has built 90 percent of the Army tanks and armored vehicles—after it requested a meeting with its creditors in 1990 and went broke in October 1993. Imbel played the role of government trustee in Engesa until the latter went broke. A memorable moment in this episode was when entrepreneur Daniel Birman, of the Arbi group, was asked to invest no less than $7.2 million, without any guarantee, in Engequimica [expansion unknown], a subsidiary of Engesa. The money was transferred on 20 March 1992. Part of it—some $2.6 million—was used to soften up Elizier Trindade, the supervisor of Engesa's call for a meeting with its creditors. Everything seems to indicate that the operation sought to delay the bankruptcy, thus facilitating the enterprise's survival and possible sale. Trindade's preventive detention was ordered on charges of passive corruption, but he fled.

But why did a big entrepreneur like Birman cough up so much money without guarantees and without knowing what it was to be used for? "We want to buy Engequimica someday, and the $7.2. million was an advance on the increase of capital, which will be accounted for during the first shareholders' meeting," Arbi group director Haroldo Zago said. One of the enterprises of the group, the Brazilian Ammunition Company (CBC), produces gunpowder. Control over Engequimica would have given Birman an outstanding position on the market, at a good price. ISTOE learned that Birman also expected to conclude an agreement for buying part of Imbel's ammunition factory in Piquete. The Arbi group would thus have almost a monopoly on the gunpowder and ammunition production in Brazil. How could one deny a request from Imbel, which is Birman's partner in CBC and in the DF Vasconcellos enterprise, and a privileged consumer of its products? With this idea in mind, Birman provided the money through Spem, which is one of his enterprises. A few days later, the $7.2 million left Engequimica, which had not asked for a creditors meeting, and went to Engesa, which was its creditor. One third of that money went to Elizier Trindade on the day he arranged a new postponement of the bankruptcy. Trindade divided the money: some for his brother-in-law Jose Carlos da Silva, and some for increasing his Bradesco [Brazilian Discount Bank] account. The largest part of the money went to an account in Codelsur [expansion unknown]—a Uruguayan financial agency—through the Rio de Janeiro Cash Bank, apparently without telling Brazilian fiscal authorities. The courts suspect the money that Imbel sought from Birman is comfortably lodged in an account of Trindade in the Uruguayan fiscal paradise. Anything was considered justifiable to save Engesa. Daniel Birman refrained from making any claim, even though no shareholders meeting was held after the money was deposited. Birman, who lost both the money and Engequimica, spoke after the enterprise went bankrupt last year and is now trying to be recognized as one of its creditors.

If Imbel asked Birman for multi-million dollar help, who was responsible for softening up the supervisor of Engesa's call for a meeting with its creditors? Engesa's owners Jose Luiz and Jose Guilherme Whitaker, who have exported weapons worth $2.6 billion to 28 countries, swear that Imbel's intervention in their enterprise has put them out of the competitive market. The checks that went to Trindade bear the signature of Engesa attorney Marco Aurelio Montenegro and Imbel attorney Jose Carlos da Silva, who have already been charged with having received stolen goods and their properties have been embargoed. The checks were also "agreed to" by Colonel Lucio Pereira, the then vice president of Imbel, who is responsible for Engesa's intervention. Questioned by ISTOE reporters, Pereira declined to comment "to avoid hindering the investigations." Attorney Heloisa Maluff, of the first chamber of Barueri (Sao Paulo), said: "We have already asked for the lifting of the bank secrecy on the accounts of more than 30 people, among them several military men, to help conclude the investigation." This chamber is adjudicating Engesa's bankruptcy.

The Imbel-Birman-Engequimica-Elizier Trindade case is just another affair in the nebulous relationship between Engesa and the Brazilian Army. This relationship was so close that in 1982 it led President Joao Baptista Figueiredo to nominate Jose Luiz Whitaker—the head of Engesa—for president of the state-run company Imbel. "Engesa benefited from that," retired General Arnaldo Calderari has said. Calderari, a former Imbel president, resigned in protest over Whitaker's nomination. "Yet instead of growing—because it used Imbel's market—Engesa plunged into a crisis," Calderari concluded. The crisis was the factor that made the relationship between the Army and Engesa even more unusual.

Imbel was willing to nationalize Engesa in 1989 to guarantee its armored vehicle supplies and to avoid losing the important know-how that had been developed. Carlos Tinoco, the then Army Minister, vetoed the operation during [former President] Fernando Collor's administration. Pedro Paulo Leoni Ramos, known as PP, who at that time was strategic affairs secretary, made a new proposal with the support of the Army War Materiel Department (DMB). Imbel would intervene Engesa and would pay its debts—which totaled hundreds of millions of dollars—paving the way for privatization. [as published].

The intervention occurred in 1990. Considering it was not even a state enterprise, the team that was created around PP and General Armando Paiva Chaves, the then DMB chief, sought to arrange the sale without an auction. The first step was to reschedule the debts. Thanks to Colonel Lucio Pereira's efforts, almost all the creditors—the biggest creditors were the Banco do Brasil and the BNDES [National Bank for Economic and Social Development]—agreed to modify the established payment deadlines. Other creditors, like Jose Bizerra Lins, the owner of the Pecunia travel agency in Sao Paulo, agreed to collect only 10 percent of the debt and to negotiate the rest later. Engesa owed $60,000 to Bezerra Lins for the purchase—a few days before the creditors were called to their meeting—of several first-class tickets from Malaysia to Brazil. The tickets were a present to a group of Malaysian generals interested in Engesa's armored vehicles.

The Baureri court believes the creditors who agreed to this "arrangement" within the creditors' meeting will not receive a single extra cent because the Bankruptcy Law states that creditors cannot partially relinquish their rights over amounts that are owed to them. This means a loss for the Banco do Brasil and for the BNDES, which in turn means a loss for consumers. It is a big loss because the two banks accounted for almost 80 percent of Engesa's debt, which is today estimated at more than $500 million. To keep Engesa afloat, the state advanced $100 million as an advance payment on the purchase of more than 1,000 armored vehicles, which have not yet left the drawing board: Yet another loss.

After rescheduling the debt it was decided to orient the privatization toward creating a joint venture [preceding two words in English] with a big multinational company of the military sector, a powerful Brazilian private group, and Imbel, which would thus preserve its interests and the technology of the Urutu, Cascavel, and Jararaca vehicles. The path chosen was via the recently created SAO—South American Ordnance—which comprises Imbel, the Royal Ordnance (a subsidiary of British Aerospace, one of the world's military giants), and, with 2 percent of the shares, Daniel Birman's Arbi group. The initial objective of SAO was to produce ammunition but the Engesa deal seemed excellent because there would be no competition for the purchase, and the British enterprise might manufacture in Latin America, among other things, its famous Rover jeeps.

Gen. Paiva Chaves, retired, has said: "Our only objective was to save a strategic enterprise, of major significance for the Armed Forces, and to recuperate the Brazilian image abroad." Imbel president Paiva Chaves has always enthusiastically advocated cooperation with Royal Ordnance. He added: "We were not interested in private groups, no matter whom." A High Command officer has said: "For the British, it will be a fine deal. They can use Imbel for minor work, while opening new doors through Imbel contacts with the Army." Considering that business does not feed on good intentions, the transfer of Engesa collided with a large green barrier; not of military men but of dollar bills. The British enterprise demands sound Brazilian entrepreneurial engagement and a guarantee that the government will support the new weapons manufacturer. This is difficult at a time of tight budgets.

The SAO alternative became permanently stuck following President Collor's resignation and the change in command at Planalto Palace. Daniel Birman left the South America Company and was replaced by the Schahyn Cury group, now with 33 percent of the shares. Gen. Paiva Chaves dreamily said: "The participation of such a large national company would have awoken Royal Ordnance's interest and ensure its participation in Engesa. This is still possible." But reality shows that business became almost impossible. There are still executives in London who dream of setting foot—or a tank track—on a tropical shore. In view of its financial problems, however, Royal Ordnance had to sell the Rover Company to the German BMW group. This group was involved in a mega-corruption scandal when it sold materiel to the Malaysian Government.

What can be done to save Engesa and the Brazilian Army armored vehicle industry? When the SAO option began to fail, Imbel also began to tumble. The first maneuver, which was reported by ISTOE in 1993, involved the curious expropriation of project facilities and the Sao Jose dos Campos plant, Engesa's most valuable asset. This expropriation has yet to be signed by President Itamar Franco. It also called for the auctioning of the remaining facilities in Barueri and Salvador to pay the labor debt that currently totals $50 million (Engesa failed to deposit its employees' Severance Payment in 1987). The maneuver got stuck because the courts informed Imbel that, if the expropriation really occurred, an audit would be ordered and the corresponding indemnification would be demanded. The Army, however, does not have money to pay an indemnification.

The second "all ends are justifiable" maneuver involved the alleged sale of Engesa to entrepreneur Wilson "Cito" Mendes Caldeira, which was also to have taken place last year. Mendes Caldeira agreed to assume the debts as long as they did not surpass $350 million. He contracted auditing services, spent $500,000, and then realized he was about to do something foolish. At the time, it was rumored there never had been a Mendes Caldeira option: it had only been a trick to delay bankruptcy. The company went broke in October 1993. Engesa, the most important symbol of the national materiel industry, went bankrupt because no one, not even Mendes Caldeira, deposited the paltry $250,000 the company owed the National Credit Bank.

All possible Imbel maneuvers to save Engesa seem to be have been exhausted. A study by the Armed Forces High Command concluded that the best alternative is to privatize the materiel industry. What large group, however, is interested in Engesa? The armored vehicles project—except that of the Ogum and Osorio, which are the company's main hope—belong to the government. The courts are thoroughly checking on assets in store and two years may pass before a definitive auction can be held. Meanwhile, the Urutu and Cascavel tanks of the Brazilian Army and of two other dozen countries are rusting away. A colonel stationed at the central Army barracks in Brasilia said: "Unless a solution to the Engesa problem can be immediately found, Gen. Paiva Chaves will be in a very uncomfortable situation." The irony of the problem, however, is that if the courts establish that the creditors who have signed agreements with Imbel will not receive a single penny, not even a single screw, Engesa will reach auction day without debts. It is also true, however, that it will reach auction day without its vital sap, which has been consumed by years of looting and rusting. And that is the dismal end of the "all ends are justifiable" operation.

Chile

Finance Minister on Trade Relations With U.S.

PY2704032394 Santiago Radio Cooperativa Network in Spanish 2300 GMT 26 Apr 94

[Text] Finance Minister Eduardo Aninat said today that the Chilean Government has not made a decision on which path to take in trade relations with the United States, whether this be a bilateral trade agreement or treaty, or NAFTA.

Aninat said Chile would have to wait to see how events develop before a proper decision is made on this issue. Aninat also said that while according to several studies neither of the two possibilities have trade advantages of any great significance, an agreement would in any case eliminate the different levels of tariffs, which would produce relatively larger profits for our exports of non-traditional products which have a large added value.

Aninat also said that joining NAFTA or signing a free trade agreement with the United States would give prestige to the country, and could be very important in terms of attracting investments, giving more stability to national economic policy and boosting the Chilean reputation abroad. Aninat added that many people believe that simply signing a free trade agreement with the United States is almost enough in itself, as that country is very strict and demanding in its standards and this would benefit the Chilean economy.

Aninat, who today attended a meeting of the Chilean-U.S. Chamber of Commerce, said it is important to place a free trade agreement with the United States within its real setting and dimensions. He added that future negotiations should be put into their proper context, as neither a bilateral trade agreement nor joining NAFTA should be considered the more successful measure, nor should one or the other be considered a total failure or put at the highest levels, which might wear down the issue of our relations with the United States. He concluded by saying that our bilateral relations with the United States are very complex, have profound historical roots, and involve many aspects that go way beyond economic issues.

Russian-Chilean Company To Market MI-17 Helicopter

PY2604163194 Santiago EL MERCURIO in Spanish 18 Apr 94 p C5

[Text] The Uralaz-Chile enterprise—70 percent of its capital is Russian and 30 percent Chilean—has become the only company in the continent authorized to sell MI-17 helicopters, made in Russia by the Kazan company.

The famous model, which has been produced in various versions since 1962 and is used by the thousands throughout the world, will carry out a series of demonstrations throughout the country before touring other Latin American countries, according to Uralaz general manager Anatole Guben Uliantzeff.

Uralaz-Chile has purchased an MI-17, the largest helicopter operating in Chile, with which it hopes to make many deals.

Guben said: "We set up our enterprise one year ago with 30 percent Chilean capital. Despite the fact that we specialize in Russian military technology, we started off importing bulldozers and trucks such as the 'Ural' truck, which due to its size can be used, among other purposes, to carry surveillance radars."

The businessman commented that so far they have been very successful and hope to be even more so with the MI-17 because it will meet needs that no other helicopter now used in Chile does.

He noted that one of the MI-17's advantages is its price, which is no more than $3 million, while a similar helicopter in the Western Hemisphere costs more than $12 million.

Regarding its safety measures, Gubin said it fulfills all international safety measures and the company currently is applying for a permit to fly it in Chile. "For the time being we have a temporary permit."

Government Cites Position on UN Population Conference

PY2604214994 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1800 GMT 26 Apr 94

[Text] Chile has established its position on the UN Population and Development Conference to be held in September. Pope John Paul II has already criticized this conference.

Sernam [National Women's Secretariat] Director Josefina Bilbao explained Chile's position on this conference which will be held in Cairo.

She explained that, during the conference, Chile will express its opposition to abortion, an issue that will be discussed and which has been harshly criticized by Pope John Paul II. But the Chilean position differs from that of the Vatican in that it upholds that there is more than one type of family.

Bilbao said that the National Family Council believes this concept also encompasses common-law marriages and single-parent families. She added that Chile supports birth control, which has been practiced in our country for the past 30 years.

Argentine Official Denies Military Imbalance

PY2704170694 Madrid EFE in Spanish 1601 GMT 26 Apr 94

[Text] Santiago, 26 Apr (EFE)—Brigadier Major Jorge Hernan Gimenez, coordinator of the Argentine Air Force chief of staff, today asserted that the fact that Chile has acquired Mirage aircraft and Argentina Skyhawk aircraft will not cause a military imbalance between the two countries.

The high-ranking Argentine Air Force representative said these purchases "do not represent an imbalance between the two countries' air forces."

Brigadier Gimenez arrived in Santiago on 25 April to attend a series of meeting with the Chilean Air Force general staff and to visit the National Aeronautical Enterprise (Enaer).

Gimenez told journalists that "we want to tighten our friendship ties," and explained that the two nations' air forces are carrying out joint projects and assessing several cooperation projects for the future.

He also said the individuals responsible for the theft of plans for the advanced training aircraft IA-63 "Pampa" from the Argentine Aerospace Equipment Manufacturing Company (FAMA) have not been identified yet.

He denied that this theft might harm the plan to market this aircraft, which Argentina hopes to sell to the United States.

The high-ranking Argentine official explained that the U.S. A-4 Skyhawk fighter bombers will arrive in Argentina in the next few months.

Gimenez reiterated that both Argentina and Chile maintain a cordial relationship and are constantly exchanging information, and dismissed any type of unrest over the acquisition of combat aircraft by both countries.

Minister Assesses First Month of Frei Government

PY2604191494 Santiago EL MERCURIO in Spanish 17 Apr 94 pp A1, A17

[Excerpt] Minister Secretary General of the Presidency Genaro Arriagada on 16 April said it would be unfortunate for the country if a climate of inflexibility and confrontation was to prevail, and admitted that the government is facing its greatest difficulties in the political field.

In assessing the executive branch's performance a little more than a month after President Eduardo Frei assumed the presidency, Arriagada said: "Either there is a spirit of constructive and loyal relationship between the government and opposition or a climate of inflexibility and confrontation will prevail in the country."

The government has thus intervened for the first time in the controversy between the Coalition of Parties for Democracy and the opposition regarding the right's role. The government parties accuse the right of abandoning the policy of agreement due to the imposition of the UDI's [Independent Democratic Union] rigid viewpoints within this sector, which are not in harmony with the National Renewal Party members who uphold a more moderate stance.

On 16 April, as he assessed the first 35 days of Frei's government, Arriagada said the government has shown great initiative and is leading the country toward a constructive debate that takes the country's true problems into account. He said: "We might have some style problems but that is only natural for such a complex task and for a team that has just been sworn in."

He commented that three days ago the government quietly defined "an interesting privatization proposal that is pragmatic and not ideological. The upcoming sale of 12 percent of Edelnor [Northern Electricity Company] strictly complies with our electric power policy that believes that competition and separating generating activities from the transmission activities is the best policy. The state's participation in LAN [Chilean Airline] has become unnecessary, as well as limiting the private sector's participation to 35 percent of the capital of Empremar [State Maritime Enterprise], which was justified in the past. The same goes for Transcontainer."

Arriagada also stated that the measures announced on 15 April by the finance minister are also in keeping with a state that promotes a greater opening of the exchange markets, the strengthening of the export sectors, and the opening of capital accounts.

Arriagada also upheld the executive branch's attitude regarding [Carabinero Director General Rodolfo] Stange's case, asserting that it was the only solution compatible with the principle of probity and justice the government firmly upholds.

In this regard he said that the "right focuses its criticisms on irrelevant matters, but every day fewer Chileans believe that the chief of police of a responsible state can be both guarantor of the citizenry's safety and involved in a court case. The issue was handled with respect for Stange and the Carabineros, and the government exercised restraining leadership on its political supporters, thus preventing the conflict from turning into an escalation of scandalous accusations and even the untimely discussion of constitutional matters that, although related—such as the fact that the government does not have the authority to remove the [Carabineros] director general, could have caused uncertainty."

In Arriagada's opinion, "the fact that the so-called 'Stange crisis' by no means affected the unprecedented working and cooperative climate with the Armed Forces speaks well of the government."

As for the constitutional reforms, "a matter that has existed since the first day of the transition," Arriagada asserted: "The government has made a positive proposal, rejecting the idea of sponsoring reforms that involve a partial viewpoint, and has chosen to invite the political parties to discuss them from a nationwide viewpoint such as deciding what sort of municipal system modernization is the best, what sort of modernization of Congress do Chileans aspire to."

In this regard, Arriagada said, the government has asked the political parties to untangle a debate that was gradually reduced to "inflexible" and "weak" attitudes and mentioned that discussions regarding the electoral system's reform started on 15 April. [passage omitted]

Labor Federation Faces Internal Conflict

PY2704224194 Madrid EFE in Spanish 2141 GMT 26 Apr 94

[Text] Santiago, 26 Apr (EFE)—The affiliation of the United Labor Federation (CUT) to the International Conference of Free Trade Union Organizations (ICFTUO), which was decided on 23 April by a CUT special congress and rejected by the Communists, has created a serious internal conflict.

The crisis has emerged at a time when the CUT is negotiating with the government a 15 percent basic salary readjustment that would raise that salary to 52,000 pesos ($103 approximately), and could lead to a union division.

CUT Vice President Antonio Martinez, a Socialist, reiterated today his accusations against the Communist union leaders, whom he accused of promoting an internal crisis.

Martinez said that the Communists can leave the CUT if they don't feel loyalty and respect for the organization, which is the only central federation in the country with a membership of 500,000 workers—that is, 10 percent of the work force.

The Communist leaders, who represent about 90,000 militants, rejected in the special congress the incorporation of the CUT into the ICFTUO, which is of social democratic trend.

Meanwhile, the environment for celebrating labor day on 1 May appears cloudy, and union leaders are not discarding the possibility of disturbances occurring during the main ceremony, which is held every year but this time will not be attended by President Eduardo Frei.

PS, UDI Present Proposals Against Corruption

94SM0322B Santiago EL MERCURIO in Spanish 20 Mar 94 p C3

[Text] The Socialist Party (PS) and the Independent Democratic Union (UDI) yesterday announced their proposals on the subject of corruption in public service and on the maintenance of administrative probity.

The PS presented its criteria on the subject and described the proposed Code of Conduct that the party intends to apply to all of its members who are employed in public service during the current administration.

The document states that the PS will apply maximum sanctions to all public officials who are PS members and who become involved in any kind of corruption.

The UDI, meanwhile, through Deputy Juan Antonio Coloma, proposed several specific measures to deal with the problem, among which he mentioned exhaustive background investigations of persons who are appointed to public service, and a change in the regulations on the creation of investigative commissions in the Chamber.

The proposed Code of Conduct for Social officials was described by the secretary general of the PS, Gonzalo Martner, who said that the party would make its observance obligatory for all public servants who are party members, after the document is submitted for the approval of the next General Council on 16 and 17 April.

The document states that in the event of any evidence of corruption on the part of any member of the PS in the performance of his public duties, the PS Directorate will send all the evidence to the Supreme Tribunal of the party, with the express request to apply the maximum sanctions provided by the statutes.

In addition, the proposal establishes the obligation on the part of all PS members in public office to respect rigorously the Basic Law of Administration of the State, which requires them to execute their orders faithfully and to observe the principle of administrative probity, with preeminence of the public interest over private.

It also states that the Socialists must orient their activities toward the satisfaction of civic demands and respect for the user as the foundation of public service.

Gonzalo Martner said that it was the aim of the PS to conclude a series of legislative debates in the ordinary session of Congress next 18 September, that had already been presented on that subject by ex-Senator Laura Soto (PPD [Party for Democracy]) and Congresswoman Olga Feliu, in addition to the initiative for a model law on official probity presented last week by the President of the Chamber of Deputies, Jorge Schaulsohn.

PS Vice President Ricardo Solari said that honesty and the fight against corruption are indispensable components in modernizing the state.

The PS leader said that his party will promote a series of initiatives aimed at preventing corruption. He mentioned among them legislation that would punish influence peddling, as this is not considered punishable under current legislation.

He added that his party wants to begin a discussion on the subject of granting the opposition the faculty to constitute investigative commissions because, at present, the decision to create a body of that type can only be taken by a majority of deputies.

Nevertheless, the Socialist leader said that at the same time ways must be sought to prevent that function from being used for calumny or for gratuitous attacks on individuals or officials.

Ricardo Solari also spoke of the need for legislation to make a clear distinction between the exercise of public functions and the administration of private business.

The PS vice president said that, in his opinion, the financing of political and electoral activities should have an important public contribution component.

He said that donations to political campaigns should be characterized by transparency, assigning them a spending ceiling and providing equal access to political financing for all participants.

He believed that a public component in financing political activities would be a way of preventing corruption.

Solari said that the salaries of senior and middle grade government officials should be compatible with current conditions in a modern Chile.

He stressed the importance of improving salary levels, because otherwise the state administration could be faced with a flight of talent to the private sector.

UDI Deputy Juan Antonio Coloma called for a change in the regulations that establish that a Special Investigative Commission of the Chamber can be formed only by agreement of a majority of deputies.

He called for the requirement to be lowered to a third of the votes, and that members of the commission be designated by lottery and not by the political parties.

He said that it would be appropriate for the presidency of each such commission to go to the congressman making the accusation.

With regard to administrative probity and corruption, the congressman advanced a series of proposals on behalf of his party designed to deal with the problem.

Coloma appealed to the country's leaders to make government appointments based on candidates' qualifications and abilities, and not on their political affiliations.

In the opposition congressman's opinion, many recent appointments have been made according to political quotas, although the new government had said publicly that it would do the opposite.

The congressman spoke of the importance of fighting against the state bureaucracy, as he believes it represents a source of corruption.

Coloma called for greater transparency on the part of members of Congress, so that all votes on legislation be public and by roll call vote, thus preventing congressmen from promising one thing and doing another when it comes to voting.

In addition to calling for specific solutions to the problem, Coloma said that a year ago the government was denying that corruption existed and was accusing the opposition of using the issue for electoral purposes. He said that President Frei recognizes that there is a real danger of corruption.

Coloma also dismissed statements by DC [Christian Democratic Party] Senator Jose Ruiz de Giorgio, who said on Friday that the opposition had refused last year to create an ethics commission in the Senate.

Coloma said that the senator's words were a serious blunder that confused public opinion and were an attempt to hide serious weaknesses inside Concertation.

The principal leaders of the Democratic Party of the Left (PDI) emphasized the need yesterday, at the Ministry of Interior, to coordinate initiatives to prevent and combat corruption.

The President of the PDI, Deputy Fanny Pollarolo, together with party leaders Antonio Leal and Pablo Mecklenburg, met at La Moneda with Minister German Correa to offer their support for the new responsibilities that he has just assumed.

The PDI representatives took advantage of the occasion to exchange views with the secretary of state on corruption, a subject of great concern to the political community.

"We reaffirm our decision to work very hard on this matter, to put an end to a problem that exists in our country, and to which we cannot close our eyes," declared Congresswoman Pollarolo.

The political leaders discussed with the minister the advisability of coordinating the various anticorruption measures proposed by all sectors of the country.

Included among the proposals are the appointment of an "ombudsman," who would gather accusations of corruption and the strengthening of the investigative powers of the Comptroller's Office.

Fanny Pollarolo called for the creation of a governmental body that would collect and systematize all of the initiatives in this area.

In any case, she announced, she has been considering this matter and is preparing to form a ministerial coordination working group on the problem of corruption.

Chamber of Deputies Leaders on Social, Institutional Reforms

94SM0322A Santiago EL MERCURIO in Spanish 13 Mar 94 p C2

[Text] The president and the vice president of the Chamber of Deputies, Jorge Schausohn (PPD [Party for Democracy]) and Alberto Ospina (RN [expansion not available]), respectively, were in agreement in stating that the new government, in its first phase, should give priority to social issues in order to reduce poverty in the country.

The deputies expressed the conviction, separately, that the time has come to begin to resolve social problems, leaving political issues for a later phase.

Schaulsohn said that it is time to launch important programs in the social area and to insist on a substantial reform of the Isapres [Institute of Public Health and Preventive Medicine] Law. He also supported the need for a basic study of the social security system.

However, he said that while the Pension Fund Administration system has many advantages, it has the great defect that it will not provide decent pensions to persons of low and medium incomes, who represent the majority of the population.

He advocated correcting the system, and proposed that the Chamber of Deputies designate a special commission to make proposals to restructure, correct, and improve Chile's social security system, which should be among the top priorities of the government that, since last Saturday, is headed by President Frei.

Meanwhile, referring to reforms of existing institutions, Deputy Alberto Espina said that the opposition is prepared to approve those constitutional reforms that restore Congress's investigative powers and facilitate the passage of proposed laws through Congress.

But the opposition is not disposed to approve those constitutional reforms, supported by Concertation, aimed at ending the permanency of the commanders in chief, and other reforms proposed by the outgoing government, which were included in the program of Eduardo Frei's administration.

Espina thought it would be advisable, with the presidential and congressional elections over, to study the binomial electoral system in order to perfect it, but not to do away with it.

Asked about the position expressed by Interior Minister German Correa in favor of preparing a draft bill which would permit the direct election of mayors, he said that it showed there was absolute agreement between opposition and government.

He said that the right is in favor of ending the system of indirect election of mayors, as long as there is no repetition of the phenomenon that councilmen with 6 percent of the votes end up running the municipalities, without any kind of representativity. He repeated that the opposition supports the passage of that kind of law, emphasizing that "the government will be able to count on our strongest support for a law of that kind."

In supporting this initiative, his colleague Schaulsohn said that it is important that all officeholders be elected by direct vote, especially mayors, because they have a great responsibility and because it would prevent maneuvers by political parties, such as what occurred "with the famous mayors' protocol," that allowed the placement of persons as mayors who had not the slightest popular support.

Alberto Espina said that the right is prepared to maintain close and strict checks on the government, as is appropriate to a good opposition. But he was also certain, he remarked, that President Frei would be very rigorous, as he had promised, in assuring that officials did not abuse their power and that there would be no symptoms of corruption.

The opposition leader said that, in the social sphere, he is convinced that if there is good will on the part of the government and the opposition, decisive steps can be taken to achieve the social goals that have been laid down.

In Espina's opinion, the government of Eduardo Frei has a great opportunity to take advantage of the country's current situation to carry out social programs, especially as there are no elections on the horizon. Therefore, he believed it crucial that an immediate start be made to resolve problems in health and education, and in confronting the problem of poverty.

Otherwise, he said, the recently begun administration will waste a great opportunity for the country. "I am convinced—he repeated—that if there is good will on the part of the government and the opposition, decisive steps can be taken to achieve the social goals that have been set."

Asked whether that meant the opposition is prepared to approve more financing to fight poverty, he replied that the opposition has always been prepared to give the government all of the facilities really needed to fight poverty, not with words or demagoguery, recalling that the leadership of the RN said that it desired the greatest success for the government "because the government's success is Chile's success."

The vice president of the Chamber of Deputies said yesterday that the binomial electoral system must be carefully studied, in order to reveal its strengths and its defects, for the purpose of correcting and perfecting it, but not of changing it for the corrected proportional system.

Colombia

Ambassador Refutes Drug Trafficker's Deposition

PA2704174494 Santa Fe de Bogota EL TIEMPO in Spanish 22 Apr 94 p 8A

["Text" of communique issued by the Colombian Embassy in Washington on 21 April]

[Text] In response to a deposition made today to the Subcommittee for Terrorism, Narcotics, and International Operations of the Senate Foreign Affairs Committee, Colombian Ambassador to Washington Gabriel Silva Lujan expressed his deep concern that these hearings have undermined the war against drugs. Gabriel Taboada, a drug trafficker sentenced to 12 years in prison in the United States, testified that drug cartels in Colombia have "infiltrated all levels of the government, from the Presidency on down." Taboada said only one of the candidates participating in the current electoral campaign is not corrupt.

Ambassador Silva said: "This convict's accusations are inadmissible and an insult to the families of thousands of brave Colombians who have lost their lives in this war against drugs. The mere use of this so-called witness, a man who has been in a U.S. prison for the past five years, is a clear shift from the Congress' process of surveillance and one that will hinder our capacity to understand the truth of the war against drugs.

"Apparently, the only first-hand knowledge this drug trafficker has dates back to the mid-eighties, and yet he is allowed to contest the integrity of a country that is recognized the world over as a leader in the struggle against drugs. Today, as on any other day, thousands of Colombian Government officials, judges, journalists, candidates, policemen, and soldiers are risking their lives. But this witness was encouraged to make false statements that question the integrity of our people and our political system," Ambassador Silva said.

"Colombia, the oldest democracy in Latin America, will neither remain indifferent nor allow these absurd accusations to go unanswered. Senator Kerry knew very well that these hearings were being held during our presidential campaign. During previous elections, three presidential candidates were assassinated. One of them, Luis Carlos Galan, was assassinated by hired assassins of Pablo Escobar's Medellin Cartel, precisely because Galan had the courage to publicly confront narcoterrorism. Authorizing a groundless deposition such as this during a critical election is not only irresponsible interference in the Colombian electoral process; it will also serve to erode the strong cooperation between the United States and Colombia essential to dismantling the drug cartels."

"There is undoubtedly corruption in Colombia, just as there is in the United States. We are struggling against the most powerful and merciless criminal organization in history. The achievements of President Cesar Gaviria's government in the struggle against corruption have no parallel. The forces of order and the judicial system have been completely reorganized in an attempt to fight corruption. The investigations of officials charged with corruption have been firm and yielded good results."

"One asks how Senator Kerry would react if the Colombian Congress were to conduct hearings on the big scandal this week in Massachusetts, where the mayor of Middlesex County has been charged with doing favors for and giving special treatment to important Mafia personalities in the area? Can you imagine the indignation of the people of Massachusetts if this scandal led to charges that the state government, from the governor on down, is corrupt? [no closing quotation mark as published]

The ambassador added: "Senator Kerry can be satisfied after these hearings because his so-called witness repeated some of the groundless accusations the senator made against Colombia in his recent article in THE WASHINGTON POST. This is a small personal victory compared to the huge damage this mistaken use of surveillance will do to the real war being waged in my country."

"A week ago Senator Kerry told Colombian reporters: 'I believe the Colombian people have fought with extraordinary courage. There is no doubt in my mind about President Gaviria's and his government's courage and efforts. Many people are fighting without respite.' If we are to believe the senator, how could he allow Colombia's image to be so wronged through this distorted process? [no closing quotation mark as published]

Informant Links U.S. Suspect to Avianca Explosion

PA2704024194 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 27 Apr 94

[From the "Seven O'Clock Newscast"]

[Text] The case of Dandenys Munoz Mosquera, a.k.a. La Quica, could take an abrupt turn in the United States. Only a few days before the trial against him begins in New York, Colombia obtained an important statement directly implicating La Quica in the case of the Avianca aircraft, contrary to what El Arete [Carlos Alzate Urquijo] had stated in a report that caused a scandal a few days ago. The Prosecutor

General's office has the statement and is expected to turn it over to the United States within the next few hours. This is an exclusive report.

By a strange boomerang effect, the letter from Prosecutor de Greiff to the U.S. judge who is examining La Quica's participation in the attack on the Avianca aircraft prompted a very credible informant to confess all he knew about the sinister attack. According to the confession, given to an appointed prosecutor, the informant, whose identity is being maintained in strict secrecy, confessed that the Avianca aircraft explosion was carried out directly by Dandenys Munoz a.k.a. La Quica, with the participation of other accomplices. In other words, La Quica was the one who staged the attack.

Even more surprising, the informant confirmed that La Quica had staged the attack as ordered by Carlos Mario Alzate Urquijo, a.k.a. El Arete, who was the one that stated before Prosecutor de Greiff that La Quica had nothing to do with the sinister incident. In other words, El Arete blatently lied to Prosecutor de Greiff regarding La Quica. The informant, who contradicted the statement by El Arete, and who has puzzled the investigators, has a great deal of credibility with the judicial and security organizations because he alerted the authorities about an attack on the U.S. Embassy and about other planned attacks, even against Prosecutor de Greiff.

Chilean Minister Signs Joint Declaration

PY2704165294 Santiago Radio Cooperativa Network in Spanish 1000 GMT 27 Apr 94

[Text] Chilean Economy Minister Alvaro Garcia and Colombian Foreign Trade Minister Juan Manuel Santos stated that the agreements reached during the GATT Uruguay Round represent a significant step toward the consolidation of the multilateral open trade system.

In a joint declaration issued in Cartagena de Indias, Colombia, they asserted that the implementation of the free trade agreement between Canada, the United States, and Mexico opens the possibility of a tighter relationship between the North, Central, and South American and Caribbean countries.

They also noted that the regional integration programs' achievements of the past four years give a new dynamic to the processes that link the economies of our region. A similar dynamic has generated a series of bilateral agreements between the Latin American countries, among which is that signed by the governments of Chile and Colombia in late 1993.

The declaration later states that the Chilean and Colombian Governments have expressed their resolute political will to make every possible effort to use this opportunity to materialize the desire for Latin American integration and that it spread to the rest of the hemisphere.

In the Chilean and Colombian economy ministers' opinion, free access to the markets will promote competition and, hence, the efficient development of their respective economies.

Finally, the two ministers urged the ECLA [Economic Commission for Latin America and the Caribbean] to decidedly support the integration efforts with its technical and analytical expertise.

Liberal Candidate Samper's Treasurer Killed

PA2804010094 Madrid EFE in Spanish 2309 GMT 27 Apr 94

[Text] Medellin, Colombia, 27 Apr (EFE)—Police report that Isabel Cristina Gutierrez de Rios, treasurer of the presidential campaign of Liberal Party [PL] presidential candidate Ernesto Samper Pizano, was killed today in this northwestern Colombian city. An official source said Gutierrez de Rios was killed in a restaurant in El Poblado, which is in the southwestern part of Medellin. She was attacked by unidentified individuals who opened fire and fled. Spokespeople for the presidential campaign of Samper Pizano in Medellin said that, after the luncheon, the treasurer was scheduled to preside over a meeting of the finance committee of the PL candidate.

Justice Minister Rejects Prosecutor's Remarks

PA2604191294 Santa Fe de Bogota Inravision Television Canal A in Spanish 1730 GMT 26 Apr 94

[From the "Midday Television Newscast"]

[Text] The controversy between the government and Prosecutor General Gustavo de Greiff continues. Justice Minister Andres Gonzalez also rejected the prosecutor general's actions today. The government's discontent over statements by Gustavo de Greiff, who has accused several state officials of being subservient, continues. After President Cesar Gaviria's statement demanding respect from the prosecutor general, de Greiff seemed to have turned his back on the controversy today. Meanwhile, his position still generates controversy.

[Begin Gonzalez recording] No Colombian is subservient. We are independent and honorable people, and the first to be so is our president. [end recording]

The issue of the study of drugs legalization, which the prosecutor general has defended on several occasions, is not viewed favorably by the government. The gap between the government and the prosecutor seems to widen.

[Begin Gabriel de Vega, National Drug Directorate director, recording] Legalization would increase consumption due to the availability. It is definitely an option the Colombian Government is not considering. [end recording]

It has been learned a meeting of rapprochement between the president and the prosecutor general, with government officials and judicial branch representatives present, might be held within the next few hours to iron out any differences.

President, De Greiff Meet To Resolve Differences

PA2804023494 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 27 Apr 94

[Report by Jairo Gomez from the "Seven O'Clock Newscast"]

[Text] There was an unexpected meeting between President Cesar Gaviria and Prosecutor General Gustavo de Greiff at Narino Palace this afternoon. This newscast has learned they shared a peace pipe and the president and prosecutor resolved their differences, which have been aired by the national media. Despite their differences, they sat down to discuss the possibility that 2,000- 7,000 prisoners might go free because their legal situation has yet to be resolved. The president and the prosecutor will meet again next week when there will be a meeting among the legislative, executive, and judicial branches.

Police Warn About Radioactive Material Hazard

PA2704042494 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 27 Apr 94

[From the "Seven O'Clock Newscast"]

[Text] Attention: Radioactive material apparently was stolen from a Buenaventura warehouse, and it could have endangered the lives of many Valle Department inhabitants. Touching the material or simply being close to it entails a serious risk. Doctors at Valle University Hospital warn that those who have handled this radioactive material known as strontium 90 are in danger of contracting skin cancer, gangrene, or nerve cells damage.

Cali Police have arrested several people who attempted to sell the material to the hospital, but it is believed that more people could have been exposed to the strontium 90.

Roundup of Economic Developments

PA2604235894

[Editorial Report] The following is a compilation of reports on economic developments monitored through 26 April.

The latest 600 billion peso cut in government spending proves the inflation issue has pushed Finance Minister Rudolf Hommes to a point of desperation. A few days ago, he made a most shocking announcement: loans will be restricted. Moreover, Hommes plans to ask the agriculture minister to halt food imports, and he insists that inflation this year will be 19 percent—despite evidence to the contrary—because it is currently nearly 10 percent and unemployment is up to 10.3 percent. Furthermore, the planning sector, which had estimated economic growth at 5 percent this year, now estimates that it will be no more than 3 percent. Meanwhile, despite the implementation of preventive measures, dollars continue to flow freely into the country. (Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 20 Apr 94)

The Colombian Government's restriction on loans has the country's financial institutions calling for help. They say the restrictions primarily hurt the construction sector and savings and housing corporations. National Association of Financial Institutions says many approved loans cannot be paid out because of the measure, adding that if it is maintained the financial institutions will be virtually paralyzed by June. (Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 on 22 Apr 94)

The National Administrative Department of Statistics recently published its report on unemployment for March 1994. In the country's seven largest cities, unemployment increased from 9.6 percent in March 1993 to 10.3 percent in March 1994. During that same period, jobs increased by only 1.2 percent, down from 3.6 percent from the previous year. (Santa Fe de Bogota EL TIEMPO in Spanish 17 Apr 94 p 9C)

The Colombian Government and the Federation of Coffee Growers have approved the total refinancing of coffee growers' debts that expire in 1994 and 1995. The beneficiaries of this decision must make a 25 percent downpayment and will have 10 years and a three-year grace period to pay off their debt. The refinancing, which eases tension between the coffee growers and government, will be covered by 180 billion pesos set aside for this purpose. (Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 22 Apr 94)

Country's Economic Competitiveness Studied

94SM0318A Santa Fe de Bogota EL ESPECTADOR in Spanish 18 Mar 94 p 5B

[Text] If Colombia continues to base its exports on the advantages afforded it by inexpensive labor and a strategic geographic location and on the tariff breaks that other countries are giving it, then soon our products will no longer be sold on major world markets.

The fact is that the natural competitive advantages that sustained the country's basic exports for years no longer suffice. Therefore, Colombia needs to create a competitive environment that will keep its external sector alive into the next century.

In view of the above, the government must urgently establish a series of tax breaks for export firms, promote investment in companies that sell on foreign markets, boost domestic savings, and invest seven-figure amounts in training national human resources. Sizable amounts must be appropriated on a priority basis to improve domestic infrastructure (ports, air terminals, roadways, and communications).

This is a summary of the conclusions reached by the study that the Monitor company conducted on competitiveness in Colombia.

The research project, which went on for more than a year, was directed by Michael Porter, one of the most prestigious economists in the United States. The final document, entitled "Creating Colombia's Comparative Advantage: Patterns of Competitiveness and Sectorial Analysis," focused on specific sectors of the economy such as capital goods, fruit juices, flowers, graphic arts, leather goods, and textiles. The conclusions were presented yesterday at the forum entitled "competitiveness: the new name of the game."

The study offered the following general recommendations for the aforementioned sectors:

- Give tax breaks in the form of accelerated depreciation to companies that export more than the average in their respective industry as a percent of total earnings.
- Give permanent investment tax breaks to companies whose overseas sales are outstanding in their sector.
- Allow all Colombians to have tax-free savings accounts and individual retirement accounts.
- Encourage banks to boost the amount they lend to the industrial sector as a percentage of their total portfolio.
- Give special tax credits for investment in computers and other information-technology assets. Such incentives must exceed the current 14 percent deduction from the sales tax.
- The president of the republic should call a regular monthly or at least quarterly meeting so that he and his economic advisers and the representatives of Colombia's leading companies and trade associations can analyze export trends.
- Unions and marketing firms should gather and disseminate information on the available technology licenses that are pertinent to their industry.
- The authorities should offer permanent tax credits to promote research and development.
- Develop enforceable intellectual-property laws to protect patents, copyrights, and other innovations.
- Create a research and development institution, together with other Latin American countries, similar to Europe's Eureka.
- Found a university that specializes in science, technology, engineering, and research.
- Industries and unions ought to set up institutes that focus in particular on technology for developing skills and innovations in each sector.
- The government should establish a prize for the company that invests the most in people, promotes the training of human resources, and encourages the development of its employees' abilities.
- Tax breaks must urgently be created for investment in specialized training.
- The Executive Branch must provide scholarship funding for companies interested in sending their employees overseas for commercial or technical programs.
- Establish more advanced degrees in the Colombian universities that focus on science and technology in their curricula.
- Unions should set benchmark prices for their companies that can be compared with those of their foreign competition, using factors such as customer satisfaction, relative costs, capital structure, and investment in innovations.
- The government should award annual prizes to the trade associations that further the success of exports.
- The authorities should finance the development of private cargo airports and all of the infrastructure needed to achieve greater competitiveness.
- Multimodal transport should also be started, and roads ought to be made safer and improved substantially.

Concern Expressed Over Economic Trends

94SM0318B Santa Fe de Bogota EL TIEMPO in Spanish 16 Mar 94 p 4A

[Editorial: "Concerns and Questions"]

[Text] The February consumer price index (or the inflation rate, as Colombians see it) has given rise to legitimate concern among our economic authorities and, in general, among all players in the economy. The February inflation rate does more than just affect the pocketbooks of the Colombian people. It also shows that something about economic policy or the country's structure of production is preventing us from reaching the not very ambitious goal (as we have remarked before) of cutting the inflation rate to 19 percent in 1994 and below that in future years.

Perhaps because of concern over the failure to achieve quick success in the battle against inflation, we are starting to perceive some degree of despair among our authorities, especially the Board of Directors of the Bank of the Republic, and private businessmen. The latest news is that a new package of measures is being cooked up "to stem overseas borrowing and slow the growth of the money supply."

According to the information that this paper published last weekend, the idea is to tighten controls over the inflow of foreign exchange into the country through overseas borrowing and thus to ease the pressure on the amount of money in circulation, which is expanding at a rate of 40 percent a year, when the Bank of the Republic's Board set a target of 21 to 27 percent for 1994.

Concern among the authorities is compounded by concern among businessmen and production unions over the fast pace at which the peso is strengthening vis-a-vis the dollar and the currencies of the countries with which Colombia trades actively. The fact is that while inflation remains stubbornly at around 23 percent, the exchange rate is declining at 8 to 10 percent a year. As a result, it is impossible to sustain the real exchange rate (another of the Bank of the Republic's goals) and to prevent a greater revaluation of the peso, to the detriment of the production sector and, in particular, exporters. This is why various circles, including former presidents, are pressing for an accelerated devaluation (something that politicians are welcoming), even if it means faster money supply growth and, ultimately, an inflation rate that exceeds the Bank of the Republic's target.

Given this state of affairs, even the casual observer would notice the conflict between the Bank of the Republic (which is primarily interested in reducing inflation) and the private sector, which fears that economic policy will lead to a sharper revaluation of the peso that will irreversibly harm the domestic and foreign competitiveness of our companies.

This apparent conflict between the monetary and exchange-rate authority (the Board of the Bank of the Republic) and the private sector ought not to continue and widen, because the risk is that the process of trade and financial liberalization will lose "credibility," thus increasing the pressure to reverse the series of reforms that the Gaviria administration has undertaken to internationalize the Colombian economy. Even more seriously, this would be happening in the midst of an election campaign to choose President Gaviria's successor.

In a way, then, what is required is that the Board of the Bank of the Republic, the government, and the private sector alike coldly analyze what is going on. Is there simply an excessive flow of capital into the country that demands a tightening of controls, or is an even larger budget deficit required in these new times? Does the production of foodstuffs require new and greater incentives after all? Or does the inflation rate have to be under 10 or 15 percent a year in order for the liberalization to be successful?

We do not have answers to these questions, but we want to pose them to shed light on an issue that is all too important to the country's future development. The credibility of economic policy and the prestige of the Board of the Bank of the Republic are not the only things at stake; so is the fate of the various production sectors and of many Colombian companies.

Ecuador

Strike To Protest Government Privatization Program

PA2704011894 Hamburg DPA in Spanish 1426 GMT 26 Apr 94

[Text] Quito, 26 Apr (DPA)—At least 40 public sector union organizations decided to go on a 48-hour strike on Tuesday to protest the privatization program of the Liberal administration headed by Sixto Duran-Ballen. The strike coincides with the closing stages of the campaign by provincial deputies, advisers, and councilmen seeking reelection in the 1 May elections.

The unions expressed their opposition to the privatization program in general and in particular as it relates to so-called strategic sectors such as petroleum, electricity, and telecommunications.

Recent announcements related to electricity cuts and fuel interruptions have not yet materialized, but the government has announced through Carlos Larreategui, secretary general of the administration, that it could take a tough stance against the union leaders, warning that it could even put them on trial.

In the meantime, the Education Ministry suspended classes at all schools and universities throughout when teacher joined the 48-hour strike. Indian groups also decided to support the unions and threatened to block all highways to keep "Ecuador from being auctioned off to foreign interests."

'Several' Injuries Reported

PA2704015294 Madrid EFE in Spanish 2339 GMT 26 Apr 94

[Text] Quito, 26 Apr (EFE)—The first day of a two-day strike against the privatization plans of the Ecuadoran Government headed by conservative Sixto Duran-Ballen resulted in blocked roads and minor incidents in the countryside and cities that left several people injured, four of them by gunfire.

Government spokesmen admitted that the unions and Indian and peasant organizations which supported the strikes caused the intermittent closure of some roads but stressed that public forces rapidly reopened them. The spokesmen did not say if there were any clashes.

According to reports from radio and television stations and human rights organizations, four peasants are in serious condition after being shot by soldiers who were trying to unblock a road near the port of Guayaquil, Ecuador's most congested city. Another person was injured when he was struck by a tear gas canister, according to information from the Ecumenical Human Rights Commission (CEDHU).

Teachers and students also participated in the national strike even though the government had suspended classes at schools and colleges throughout the country to prevent disturbances.

Government reports of strike observance in the electricity, telephone, fuel, and social and medical security sectors differed from more radical reports by the "Defense of Sovereignty and Anti-Privatization Front," [Frente de Defensa de la Soberania y Contra las Privatizaciones], the organization that organized the strikes.

A Public Communication Secretariat communique containing a city by city strike report said there were only a few protests. As of 1800 (2300 GMT), the protests had not included power or telephone service cuts, a possibility voiced by some strike leaders.

Evening newspaper headlines read: "War on Privatization," "Roads Militarized," "Roads Blocked," "Bureaucrats, Indians, and Teachers Paralyze Country," and "Protests." Radio and television stations reported that many public institutions that could be affected by privatization are on strike. Platoons of soldiers and police are patrolling the principal cities and national roads and are guarding gas stations and public offices.

Ecuadoran Government Minister Marcelo Santos said the strike is being encouraged by "a tired union leadership that confuses state modernization with massive dismissals." He added that "the modernization process cannot be postponed or renounced." Santos said public security forces "have coordinated to ensure security, peace, and normalcy for those who wish to work."

Carlos Larreategui, secretary general of public administration, said the government will not allow the country to be paralyzed by these two days of protests, which are occurring only five days before the legislative, municipal, and provincial elections on 1 May. Larreategui said the government could impose "administrative and even criminal sanctions" on the strike leaders, but he ruled out the possibility of decreeing a state of emergency.

Minister on 48-Hour Strike

PA2704042194 Quito Voz de los Andes in Spanish 2300 GMT 26 Apr 94

[From "The Voz Andes Newscast"]

[Text] The government has not proposed a general program of privatization, but a modernization program, Government Minister Marcelo Santos stated. The privatizations are an aspect of modernization; they will occur where they are required so that this process can have positive results, the minister added. The modernization process is a fact and it will be developed and implemented, the minister continued.

Meanwhile, (Jose Maria Cabascango), leader of the National Confederation of Indian Nationalities of Ecuador, said the Indian movement is not opposed to the modernization of the country, but it is opposed to the indiscriminate privatization of state-owned companies. That is why, he remarked, we will continue to support the struggle throughout the country with mobilizations and assemblies.

Minister Marcelo Santos asserted that the first day of the 48-hour strike occurred without major incidents, although there were some sporadic incidents in various areas in the country. Santos said the strike is progressing normally and the rights of workers and other sectors have been respected, particularly those of Indians who have blocked traffic between provinces. The minister stated the government is not expecting acts of violence, but the police and Armed Forces are ready to guarantee the peace and security of Ecuadorans.

Armed Forces Sell Shares in Bank

PA2604193794

[Editorial Report] Madrid EFE in Spanish 2129 GMT 23 April 94 reports that the 23 April edition of the newspaper EL UNIVERSO of Guayaquil reported that the Armed Forces sold 30 percent of the shares of the General Ruminahui Bank, which they own, to a private financial group. A few days ago, Defense Minister Jose Gallardo said military enterprises might be privatized.

Paraguay

Wasmosy Denies Generals Asked Him To Resign

PY2704225594 Asuncion ULTIMA HORA in Spanish 27 Apr 94 p 6

[Text] This morning, President Juan Carlos Wasmosy and Defense Minister Hugo Estigarribia emphatically denied that Armed Forces generals had requested the president's resignation. A rumor was begun in local circles that generals not linked with Army Commander General Lino Oviedo had requested Wasmosy's resignation to protest Oviedo's excessive influence over the military institution. Foreign media sources, particularly in Argentina, repeated the rumor.

A rumor circulated during the meeting of the Argentine, Bolivian, and Paraguayan presidents in Formosa yesterday, indicating that there was strong dissatisfaction among young Paraguayan officers for the excessive power that the Army commander in fact holds.

Wasmosy was asked about the matter after a meeting at the commander in chief's offices this morning. The president said the rumor was not true. "It is absolutely false. It seems the papers are short of real news," Wasmosy said in referring to the foreign press.

Defense Minister Hugo Estigarribia characterized the foreign press publications as real nonsense. "It is real stupidity. I do not know where this disinformation might be coming from. It is absurd to even think that generals could ask for the resignation of the president of the Republic," Estigarribia said.

The minister said if the information originated locally, it was just "nonsense," invented by the press interested in destabilizing the democratic process. If it originated abroad, it was pure disinformation, Estigarribia added.

Today, Wasmosy travelled to Salvador (Bahia). Not all the generals—and not even Oviedo, who usually comes to see the president off—were present at the airport. The defense minister explained that the absence of some generals was due to the fact that they were carrying out tasks in the interior of the country.

Peru

State of Emergency Declared in La Mar, Kimbiri

PY2604225694 Lima EL COMERCIO in Spanish 16 Apr 94 Political Section p A7

[Text] Yesterday, the government declared a state of emergency in La Mar Province (Ayacucho Department) and in the neighboring Kimbiri district (located in Quillabamba Province, Cuzco Department) to expedite operations that the Armed Forces Joint Command is conducting in the area against terrorism and drug trafficking. According to a supreme decree published yesterday in the official newspaper, constitutional rights in the area will be suspended for 60 days.

The same edition reports that the state of emergency has been extended for 60 days in Pasco Department and in the provinces of Huancayo, Concepcion, Jauja, Satipo, and Chanchamayo (Junin Department); in Castrovirreina, Huancavelica, and Huaytara Provinces (Huancavelica Department); and in Cangallo, Lucanas, and Huamanga Provinces (Ayacucho Department).

MRTA Calls For 'Armed Strike' in Jungle Region

PY2604211294 Madrid EFE in Spanish 1548 GMT 26 Apr 94

[Excerpts] Huancayo, Peru, 26 Apr (EFE)—Official sources have reported that the Tupac Amaru Revolutionary Movement (MRTA), which has been oficially described as dismantled, has called for a two-day "armed strike" in three Peruvian central jungle region provinces. A police report released today in Huancayo, 415 km southeast of Lima, states that the MRTA, which is inspired by Ernesto "Che" Guevara, has called an "armed strike" for 28 and 29 April according to announcements painted on walls, circulated in bulletins, and written on flags.

The three Peruvian central jungle provinces where the "armed strike," which is a strike under threat of death, is being promoted are Chanchamayo and Satipo in Junin Department, the capital of which is Huancayo, and Oxapampa in Pasco Department.

An official Defense Ministry communique issued on 21 April states that the MRTA attacked a truck carrying soldiers and civilians on the Villarrica highway to Oxapampa. They murdered three soldiers and 12 civilians and wounded 30 people. Another 13 people are missing. The communique adds that the Army is intensifying operations "to capture the members of the narcoterrorist gangs" that operate in the region. [passage omitted]

Until now the Shining Path was the only organization to have called "armed strikes" in different parts of Peru, especially in Ayacucho in the South Andean region where this organization was born in 1980 and in Lima where the measure always failed despite the fact that the transportation sector almost always obeyed the strike call.

Some analysts believe this action may indicate the union of the two subversives organizations, at least in the central jungle region. [passage omitted]

Five Shining Path Members Killed in Ucayali Clash

PY2704032094 Lima Global de Television Network in Spanish 0130 GMT 27 Apr 94

[Text] An official communique issued by the Ucayali Front Political-Military Command reports that five Shining Path [SL] terrorists, among them a woman known as Comrade Elisa, who was logistical commander of the SL unit Atreverse, were killed during a clash on 21 April in Lower Chambira and Nuevo Progreso in Ucayali Department. The communique adds that guns and abundant subversive propaganda were seized on the occasion.

CCD Approves Citizen' Participation, Control Bill

PY2704224394 Lima EL PERUANO in Spanish 16 Apr 94 Political Section p A1

[Text] During yesterday morning's session, the plenum of the Democratic Constituent Congress (CCD), by a vote of 50 to one, approved the Citizens' Participation and Control bill recommended by the CCD Constitution Commission.

The draft bill, divided into 47 articles, was proposed by legislator Carlos Torres y Torres Lara (NM-C90) [New Majority—Change 90), who said this bill makes important contributions to Peruvian law as compared with the laws of other countries in Latin America and the world. He pointed out that this is the first authentically democratic step in the country's political decisionmaking, as it combines direct and indirect democracy.

Torres y Torres Lara said this bill gives the people the opportunity to participate in the reform of the Constitution and the laws, as well as to revoke the appointment of authorities and to be informed as to how the budget is implemented, among other things. The legislator stated: "No more laws that do not allow the participation of the people. This bill, moreover, will allow the public to be integrated into the process and their opinions taken into account."

Legislator Roger Caceres Velasquez said this initiative fills a gap that has existed in Peruvian laws since the Republic was founded. Henry Pease Garcia (MDI) [Democratic Left Movement]) said the bill allows for a referendum without restricting it, as the new Constitution does. Carlos Ferrero Costa (NM-C90) said the public's right to begin an initiative should be broader than legislators' rights. He said he was against the executive branch not being able to subject the draft bill to a referendum.

Among the public's rights to initiative included in the Citizens' Participation and Control bill are their participation in the constitutional reform, in the drafting of laws, in referendums, and in the drafting of municipal and regional regulations, among others.

Among the public's rights to control are over decisions to revoke the appointment of an authority or to remove an authority, and in demanding information on the implementation of the budget and other control mechanisms in the municipal and regional administrations.

As for a referendum, the bill states that one can be requested by no less than 10 percent of the electors, while the support of 25 percent of the electors, with a maximum [as published] of 400,000 signatures, is necessary to revoke the appointment of an authority.

To request information on the implementation of the budget, at least 20 percent of the electors, with a maximum [as published] of 50,000 signatures, is necessary. An authority will be removed if the National Elections Board determines that more than 50 percent of the citizens of an electoral district request it.

The CCD plenum yesterday also paid homage to the late attorney, ambassador, and journalist Andres Avelino Aramburu Menchaca, who was represented by his widow Lala Irigoyen de Aramburu and relatives, who arrived in Congress at 1308.

Fujimori Refuses To Revise 'Terrorist' Trials

PY2704165494 Lima EL COMERCIO in Spanish 16 Apr 94 p A6

[Article by Gladys Bernal Barzola; all quotation marks as published]

[Text] Puno, 15 Apr—President Fujimori expressed here his firm opposition to criticism of the human rights situation in Peru. He asserted that the government will not tolerate any interference "under the facade of the defense of human rights" in the measures that have led to the achievement of peace in Peru.

Speaking about his administration, Fujimori stressed that he will not revise any of the trials of terrorists who killed dozens of innocent Peruvians. He said: "Those who perpetrated these killings were tried in compliance with the emergency laws promulgated after 5 April 1992."

Fujimori on 15 April dedicated the second stage of the Yanamayo penitentiary, a maximum-security prison. In his speech, the president stated that in honor of the thousands who were killed and the hundreds of thousands of orphans, Peruvians have the moral duty of never forgetting this horrible tragedy. In view of this, he asserted that although the laws will be readjusted as peace is achieved, he will not yield an inch regarding antiterrorist issues. Fujimori said we will not allow Peruvians to again experience the violence of the 1980's.

Also present at the ceremony were Justice Minister Fernando Vega Santa Gadea, Interior Minister Juan Briones Davila, Energy Minister Daniel Hokama, and Chief Justice Luis Serpa Segura and other Supreme Court members.

President Fujimori insisted Peru enjoys a promising future today in view of the peace that has been achieved. Speaking to journalists from Argentina, France, and Spain and representatives from some international news agencies, Fujimori warned he is not being patronizing when he said Peru has achieved an unprecedented deed. He stated: "International experiences on terrorism have shown that Peruvians have defeated this scourge in a short period and at a minimal social cost."

Also present at the ceremony were 10 inmates facing terrorist charges, two of whom were serving 20-year prison sentences.

President Fujimori stated: Before, certain countries recommended not travelling to Peru but that today an ever-increasing number of delegations are arriving to assess which antiterrorist measures have been adopted by the sovereign government of Peru. He said: "People compare the French, German, and Italian legislation to our own and they say that some principles are violated in Peru, but they forget to mention that the situation in those countries is completely different from ours."

He said it was incoherent for some to try to make suggestions when "they left us to our fate" during 12 years of subversive violence. Fujimori said: "No government-run or private human rights organization or international organizations ever reported at the proper time the human rights violations committed by Shining Path [SL] or Tupac Amaru Revolutionary Movement terrorists.

He harshly criticized the fact that the SL was allowed to make propaganda in Europe and America during those past 12 years, when in truth what they were doing was collecting funds to finance guerrilla activities in Peru. Without mentioning any organizations, Fujimori commented that some people have even drafted reports assessing and then disqualifying his administration's judicial and prison system. Fujimori said: "They have no right because a reform of the Civil and Penal Code that took experts on the Peruvian situation years to draft cannot be assessed in three or 10 days."

The chief of state admitted the existence of isolated cases of human rights violations and corrupt government officials. "But this is the case in every country of the world, including the most developed ones, but the institutions, as such, have revealed a high degree of professionalism, high moral standards, and respect for the law. He then added that the soldiers and policemen in charge of guarding the Yanamayo prison will safeguard the inmates' safety in an honest manner. He emphasized: "The change that has taken place is that they will not allow anyone to corrupt them."

The prison's second phase—considered the most secure in the country—was built in nine months and is divided into five wings with almost 300 inmates. The building, which has 80 individual cells and 108 cells for two inmates, cost 4.7 billion Peruvian soles. A total of 260 terrorists are lodged in the area built first.

The chief of state visited this part of the prison accompanied by foreign journalists. SL leaders Maritza Garrido Lecca, Osman Morote, Martha Huatay, and other high-ranking terrorist leaders are in this part of the prison. It was learned that the aforementioned made some requests to Fujimori. During his visit, the chief of state also went to a children's home where he made some donations.

Fujimori Forces Foreign TV Cameraman To Erase Film

PY2604213194 Madrid EFE in Spanish 1551 GMT 26 Apr 94

[Text] Lima, 26 Apr (EFE)—Peruvian President Alberto Fujimori has personally forced a cameraman from a foreign television station to erase part of the film he took of women inmates during a visit made by Fujimori to a Peruvian prison.

The Association of Foreign Journalists in Peru (APEP) said in a communique released today that this event "is an isolated act of censorship against freedom of the press, which should not be allowed to be repeated." The communique adds that the cameraman "was forced by the president himself to erase part of the film taken during his visit" to the prison for terrorists in Yanamayo, Puno Department, at the Bolivian border.

According to the communique, the film that was erased includes footage of a group of women inmates, who read a document related to their situation in the presence of the visitors. The communique says "the correspondents and the world were thus deprived of information of public interest, when there was not even a warning of any restrictions" on the correspondents who visited the prison.

Minister Reaffirms Economic Modernization

PY2704033394 Lima EL PERUANO in Spanish 15 Apr 94 p A-3

[Text] Yesterday, Prime Minister and Foreign Minister Efrain Goldenberg Schreiber said the signing of the agreements on the Uruguay Round and the World Trade Organization (WTO), which will mark the closing of the GATT conference of ministers being held in Marrakech (Morocco), coincides with the implementation of an exhaustive modernization process in Peru.

Goldenberg, who is attending the GATT conference of ministers, which closes today in Marrakech, one of the main Moroccan cities, said the WTO "is the corollary to the liberalization policy advocated by Peru." He said the Peruvian modernization process seeks to achieve social development through the enforcement of an economic liberalization and stability program. Goldenberg also stressed the policies for the promotion of private investments, the changing role of the state, the privatization of state companies, and the elimination of all types of subsidies in Peru.

As for tariff commitments established within the framework of GATT, Goldenberg emphasized the Peruvian Government's decision to offer a 30 percent tariff ceiling, one of the most attractive in Latin America. The prime minister said Peru has opened its doors to the world market by simplifying its tariff system and by reducing its tariff levels to only two rates, 15 and 25 percent, and that the first of these rates is applied to 97 percent of Peruvian imports.

Regarding the relation between trade and the environment, Goldenberg said Peru "is very concerned about safeguarding the environment, but we do not want protectionist measures to be concealed behind the enforcement of environmental measures."

As for the "social clause" that several European countries have proposed to be included in the Uruguay Round agreements, Goldenberg reasserted that although Peru is a member of the International Labor Organization and a signatory of the majority of agreements that safeguard labor rights, it views with concern trends that in allegedly defending these principles seek to promote new forms of protectionism that will distort international trade. He said safeguarding both the environment and labor rights were proposed for inclusion in the final text of the Uruguay Round agreements, which will be signed today and will establish the WTO, after four days of negotiations of representatives from 120 countries.

Committee Confirms Human Rights Violations

PY2604224094 Lima Global de Television Network in Spanish 0130 GMT 26 Apr 94

[Excerpts] The Congressional Human Rights Committee, the president of the Council for Peace, and the National Coordinating Board for Human Rights arrived today from Tingo Maria. They all agree that human rights violations were committed against civilians but they could not agree whether they were committed by the military or by the Shining Path [SL].

The investigation they conducted in the combat area established that the reported bombardments did not take place. Moreover, Huallaga Front official sources have reported that antisubversive operations, which were suspended on 22 April, will be resumed in the next few days.

[Begin unidentified reporter recording] The Congressional Human Rights Committee, which traveled to Tingo Maria to verify human rights violations charges, returned to Lima today. Although they did not enter the theater of operations [as heard], where it is believed there are more victims, the legislators agreed that human rights violations were committed. They disagreed, however, on who was responsible.

The six legislators and the journalists who traveled to the site were shocked yesterday at finding seven bodies in the village of Moyuna, on the left bank of the Huallaga River. The identity of these bodies has yet to be established. Only two of the bodies were taken to Tingo Maria.

Peasants who escaped from the conflict area have reported that several clashes between the SL and the Army have taken place in the area in the last few days. [passage omitted]

In view of these reports, this morning, the Congressional Commission visited Mohena, which was believed to have been bombarded and where allegedly more bodies were to be found. This was later denied. In Mohena, the legislators met a soldier who was wounded when he stepped on a booby trap a few days ago. After staying in Mohena for 10 minutes, the legislators headed for Aucayacu where they interviewed more settlers who escaped from the conflict area in [words indistinct].

Journalists toured sites inhabited by peasants who were forced to support the SL. They found destroyed huts, remains of lamps, scales, coca leaves, and [word indistinct] used to manufacture cocaine hydrochloride. As it is well-known, antisubversive operations were suspended as of 22 April but they will be resumed within the next few days.

It has been learned that of the 180 subversives who were found in the area, 35 have regrouped and are now in [name indistinct]. For the time being, SL activity in the Huallaga area has been curtailed. It is expected the SL will be defeated in the next few weeks. [passage omitted] [end recording]

Ex-President Garcia Reportedly To Reorganize APRA

PY2704232394 Lima EXPRESO in Spanish 15 Apr 94 p A6

[Text] Agustin Mantilla Campos, former interior minister under the APRA [American Popular Revolutionary Alliance] administration, will reportedly be the new APRA secretary general. This was supposedly the order given by ex-President Alan Garcia Perez to a group of APRA leaders who held a meeting in Cartagena, Colombia, last week.

This information was disclosed by a source in that political organization. The leaders who attended the meeting include Jorge del Castillo and former Ministers Gustavo Seberbein and Mercedes Cabanillas, among others. The source said that Garcia is trying to maintain the party's leadership in the hands of people in his complete confidence, and that he will channel the necessary resources to them to keep the organization "afloat" until "his return." Garcia reportedly told them: "I want you to keep the party, like a boat, afloat. When I return I will make it into a frigate."

The idea that Mantilla would take over the party leadership has been talked about for the last few months, especially after he was released. But this possibility ended when the Supreme Court annulled that decision and sentenced him to eight years in prison, which he is now serving.

But according to legislation, Mantilla could be released on parole after serving 24 months of his sentence. He may therefore be released in May, which is the month when the APRA will elect its new leadership.

It has also been reported that the Garcia supporters are paving the way within the party for getting Mantilla elected. The source noted that this is reflected in the elections of the district executive committees and the systematic separation of leaders or militants who disagree with this strategy.

The source added: "Everything is handled in such a way as to obey the guidelines given by Alan Garcia. Therefore, there is no doubt that Mantilla, unless something unexpected happens, will be the APRA leader in the next few months."

Colombian Foreign Minister Signs Agreements

PY2604233594 Lima Radio Programas del Peru Network in Spanish 1800 GMT 26 Apr 94

[Text] Peruvian Foreign Minister Efrain Goldenberg and his Colombian counterpart Noemi Sanin de Rubio installed this afternoon the Peruvian-Colombian Good Neighbor and Integration Commission [Comision de Vecindad e Integration Peruano-Colombiana]. This commission comprises technical binational committees. It seeks to develop production, trade, tourism, transportation, communications, and to promote investments, culture, education, and sports between Peru and Colombia.

Colombian Foreign Minister Noemi Sanin de Rubio labeled the agreement as historic for relations between the two countries. The two ministers signed two agreements, one of reciprocal protection for investments and another for the reciprocal recognition of professional titles. The two ministers also announced that next June, they will sign two more agreements, one on judicial cooperation and another on tourism promotion.

[Begin Sanin recording] We abide by juridical regulations in respect of the law and [words indistinct]. I would like to talk about a historic moment because [words indistinct] of the points that unite us [words indistinct]. I believe this is a historic day for relations between Peru and Colombia because we decided [words indistinct] to make it more dynamic, more pragmatic, more efficient. We are joining all our efforts, [words indistinct], all our forces, all agents of our society to work united. Today we signed two agreements [words indistinct] and in the second half of June we will meet again to sign more important agreements. Let us hold a meeting of businessmen just as we did with Ecuador when, as a result of the meetings of the good neighbor and integration commission and the free trade and Andean agreements, 368 Colombian companies did business with Ecuador last year. We want the same thing to happen with Peru. The doors of Colombia are open to Peruvian investments and all Colombians are very pleased with the normalization of the Peruvian situation in the Andean Pact. [end recording]

Colombian Foreign Minister Noemi Sanin de Rubio made these comments after signing the two agreements with her Peruvian counterpart Efrain Goldenberg. The Good Neighbor and Integration Commission is headed, on the Peruvian side, by Arturo Woodman, president of the National Confederation of Private Business, and on the Colombian side by Hernan Beltz, former Colombian Public Works minister. Thus the Colombian foreign minister concluded her visit to our country.

Ecuador's Paredes Stops Over On Way Back From Rio

PY2604193994 Lima Radio Programas del Peru Network in Spanish 1800 GMT 26 Apr 94

[Relay from Jorge Chaves International Airport by Walter Samuel Neira]

[Text] Ecuadoran Foreign Minister Diego Paredes has left for his country after spending the night in Peru. Paredes was on his way back from a meeting of Latin American foreign ministers with European representatives in Rio de Janeiro, Brazil, last weekend. The Ecuadoran minister, who avoided the media before leaving, was taken in an official vehicle straight to the foot of the aircraft steps.

Uruguay

Cuban Ambassador Answers Newspaper's Editorial

PY2704120094 Montevideo EL OBSERVADOR ECONOMICO in Spanish 21 Apr 94 p 2

["Commentary" by Cuban Ambassador to Uruguay Manuel Aguilera de la Paz]

[Text] The editorial published by this newspaper on 6 April entitled "The Cuban Foreign Minister's Surprising Remarks" includes the following:

"Havana has cunningly devised a well-orchestrated attempt to present the U.S. boycott as a 'blockade,' an 'embargo,' or a sort of 'sanitary cordon' that is virtually driving Cuba to famine. It should be clearly asserted that this is not the case. The United States has placed Cuba under a trade boycott, thus severing all U.S. trade relations with this island. In the eyes of any stalwart supporter of Castro's regime, this ought to be simply a welcome gesture of consistency on the part of the United States."

This remark is really surprising, particularly considering that in 1992 and again in 1993 the UN General Assembly approved important resolutions on the "need to end the economic, commercial, and financial blockade imposed by the United States against Cuba," by an overwhelming majority that included Uruguay's vote.

The blockade also has been condemned by the Nonaligned Countries Movement, the Ibero-American summit meeting in Bahia, UNESCO, and many other international organizations and events.

Cuba has submitted numerous proofs of the extraterritorial nature of the blockade, that is, on the obstinate manner in which the United States violates international law and the freedom of trade it pretends to impose worldwide.

This evidence shows how successive U.S. administrations placed obstacles and tried to prevent other countries from trading or carrying out financial operations with the island. The United States used pressure and threats—such as the exclusion of those countries from U.S. trade and financing programs, the suspension of U.S. credits, the blockade of assistance by international financial organizations, and the prohibition to export and import products to and from the United States, etc.—to hinder trade with Cuba.

Today Cuba is introducing important economic changes and is opening its doors to foreign investors, but eight of every 10 individuals interested in doing mutually profitable business with Cuban companies withdraw due to threats and pressures against them.

There are many other aberrant elements in the blockade, such as the U.S. prohibition to import goods containing even the most minimal quantity of Cuban components or raw materials, or the prohibition affecting companies of any country from exporting goods to Cuba containing U.S. components or raw materials. This is a particularly sensitive point because it includes medicine and food.

The United States also prevents the main international financial institutions—such as the IMF, the World Bank, and the Inter-American Development Bank—from granting loans and assistance to Cuba.

If this were not enough, when socialism collapsed in East Europe Cuba suddenly lost 85 percent of its economic and trade partners, but the United States strengthened its blockade and broadened the blockade's international application with the sadly known Torricelli Law forbidding U.S. subsidiaries around the world from trading with Cuba. The law also gives powers to the president to impose sanctions on any country giving assistance to Cuba and forbidding ships that trade with the island from entering U.S. ports.

These extraterritorial demands are so grotesque that the EC and Canada, among other countries, rejected them vigorously.

I did not want to refer to the blockade's effect on my people. It has caused us damage estimated at more than $40 billion and provoked great scarcities and suffering, thus revealing its criminal, cruel, and inhuman nature.

But what offends Cubans most is that it is unfair, illegal, immoral, and unjustifiable because it pursues the objective of isolating Cuba, obtaining its surrender by hunger, and imposing on her the political, social, and economic order that U.S. authorities consider most adequate and convenient to their interests.

FA Leader Quits, To Form 'Independent' Movement

PY2704034294 Montevideo EL OBSERVADOR ECONOMICO in Spanish 21 Apr 94 p 6

[Text] Senator Danilo Astori has placed his position as provisional head of the Broad Front (FA) at the disposal of his FA executive board colleagues because it is his understanding that this post must be occupied by a consensus FA candidate. Mariano Arana, Montevideo mayoral candidate, will occupy Astori's post.

Astori himself told EL OBSERVADOR ECONOMICO that on 19 May he would launch an "independent" movement that would not involve a restoration of Communist Party factions.

The senator explained that his decision was based on "two reasons" closely linked to his decision to head an independent politico-electoral alternative within the FA.

Astori emphasized: "I am no longer a consensus candidate." He added that in his opinion "consensus candidates must be included in the coalition's executive board during the current (electoral) stage."

Participants in yesterday's FA provisional executive board meeting told EL OBSERVADOR ECONOMICO that Astori expressed his willingness to continue working on common FA tasks for the November elections.

The other 11 FA executive board members "lauded the political tactfulness" of the former FA vice presidential candidate, and pointed out that they would contact their sectors to formally come to a decision on Astori's proposal.

Astori announced that he would launch on 19 May at the El Galpon theater an "independent FA" group, which he will head. During the launching ceremony he will present an initial "proposals document" that "will explain the characteristics of this political project."

The legislator explained: "It is not a restoration of Communist Party factions. It is not a coming together of groups, nor is it meant as a way to exclude people. It is much more than that. It is a long-term and absolutely pluralistic and open project for the FA independents, regardless of their origin."

Venezuela

President Caldera Remarks on Economic Plans

PA2704190694 Caracas Radio and Television Networks in Spanish 1632 GMT 27 Apr 94

[Speech by President Rafael Caldera from the Ayacucho Room at Miraflores Presidential Palace in Caracas; broadcast in progress—live relay]

[Text] ...the promulgation of this law [not further specified] fills the national government with great optimism. We hope it will be the same for the whole country. The country is aware of the difficult economic situation we are confronting. This economic situation demands immediate action to reduce the fiscal deficit. We are well aware of the fact a reasonable reduction of the fiscal deficit to manageable levels is unpostponable, even though this will entail a policy of austerity that will necessarily produce scarcity in many aspects and difficulties and differences for practically every sector of the country. All anti-inflation policies are unpopular. We know this, but we have no other choice but to confront this situation.

We have made an effort to reduce public spending. We had to make quick changes to a big and complex budget we did not draft. The reductions in public spending have resulted in the impossibility of immediately carrying out big works that are necessary and indispensable for the country's development. This law opens doors; it offers national and foreign investors the possibility of carrying out works the country needs. The experiences sister countries have had in this regard are very encouraging. Even though users must pay the costs of these works, it has been proven they do this willingly if they are given the facilities to attain their goals satisfactorily, saving them time, fuel, worry, and wear and tear of the instruments and vehicles that must be used.

Some of these works can be undertaken immediately in Venezuela. These works could be profitably attractive for investors. For example, completing the initial stretch of the Romulo Bethancourt Highway to Caucagua; the new bridge over the Orinoco River, plans for which were drafted a long time ago; the possibility of a freeway from Caracas to Los Teques, which is very necessary because of the heavy growth of the population; and other very necessary works that could be resolved through concession contracts. This could also be the case for the Caracas water supply, which is a priority and urgent need for the metropolitan area.

We believe the promulgation of this law is a message we are sending to national and foreign investors. We need them, and we are offering them the opportunity to carry out works that can be profitable for them and benefit our country. We plan to immediately appoint a very honest, very responsible, and very serious technical commission that will serve as an adviser and overseer of the terms of the offers that will be made to future concessionaires to carry out these works and to establish the order of priorities for the works that are going to be offered to the public.

We know, and the country knows, that fiscal readjustment policies, the new tax law, does not exclude the government's direction toward a medium and long-term policy. We aspire to a free and progressive economy capable of great efforts and great works for the good of the people. We are sure the private sector will respond to our call with the knowledge they will have protection, legal protection, and every protection necessary. The state knows its duty is to moderate and assist in those cases where its presence is necessary. The state must do this in a harmonious manner, without exaggerated orthodox positions in one way or another. The state must confront the country's situation, and according to the country's situation it must encourage the great potential that Venezuela has to advance.

The Council of Ministers today approved the creation of the National Mining Commission, because we are aware mines constitute an immediate and encouraging opportunity for the country.

We are decisively promoting tourism initiatives, and to this end we will continue to carry out necessary privatizations in the hotel industry and in all the areas to which investors can make considerable contributions so that tourism will, in effect, become an important national industry.

We are willing to provide every means of support and encouragement to those whose legitimate right it is to undertake those activities that are essential for the fulfillment of Venezuela's potential.

We are offering the country the law we enacted today as a sign of hope, as a reason for economic reactivation, and as an opportunity to unite the efforts of enterprising and trained individuals who are entirely capable of working under state guidance, guarantees and security.

We have been in need of this law for many years. A law was passed, but it could not be applied, because established [word indistinct] difficulties rendered its fulfillment impossible. In this case, as I said at the beginning, we are very optimistic. This law is a message we hope will receive an affirmative answer. We have presented it to the country as an opening of new opportunities and as an offer of new paths, which, we are certain, will lead us forward in the fulfillment of the goals of growth and prosperity for Venezuela.

Government Unveils New Economic Plan

PA2804012094 Caracas Venezolana de Television Network in Spanish 2350 GMT 27 Apr 94

[Report by Ligia Moreno and Aneris Gonzalez from "The News" newscast]

[Text] [Moreno] The economic cabinet of President Rafael Caldera today announced the general strategy or guidelines of the economic plan to be implemented over the next five years. One of the highlights is that Venezuelan Petroleum will give 10 percent of its shares to its employees. Other major points include an emphasis on decentralization and private investments. Various sectors support the plan and think President Caldera is on the right track. Time will tell, however, and we have to wait and see how the economic plan proposed by the Caldera cabinet works.

[Gonzalez] It is worth mentioning that a large number of people from all sectors—namely, CTV [Confederation of Venezuelan Workers], Consecomercio [National Council of Commerce and Services], and Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry]—have gathered here at the Eurobuilding Hotel, as you can see your screen, to discuss and review the entire economic program. As you rightly pointed out, Ligia, the opening to private investment is one of the highlights of this strategy, and, in some way, it has grabbed the attention of all sectors of society.

Caldera Names FOGADE, Bank Directors

PA2804001194 Caracas Union Radio Network in Spanish 1600 GMT 27 Apr 94

[Report by Vicente Briceno from the "Union Radio Noticias" newscast]

[Text] President Rafael Caldera has sworn in new directors for FOGADE [Deposit Guarantee and Banking Protection Fund] and the General Bank Superintendency—Norys Aguirre and Tesalio Cadenas, respectively. After they were sworn in, both officers ruled out controls on foreign exchange. They also said they intend to evaluate the assistance given to banks as well as the proposals made by Gustavo Roosen, special commissioner for financial reforms.

FOGADE Director Norys Aguirre stressed her institution's duty to restore confidence in the financial system, and she said that currently the state is the greatest FOGADE contributor. She referred to strategies by the leadership of FOGADE by announcing reforms to the law that created this fund.

[Begin Aguirre recording] Basically there are two strategies. One is the short-term strategy, and this is the immediate solution to the current banking crisis. The long-term strategy deals with reforms, and if these are needed I will be the first person to propose them, as I have done up to now, through Congress to the government, in due course. I am not afraid to make changes. If a complete FOGADE reorganization is needed, this will be done. [end recording]

For his part, Tesalio Cadenas admitted that the General Bank Superintendency had faults that failed to prevent greater control—in other words, stricter control—of the Venezuelan financial system.

Central Bank President, Directors Resign

PA2704013994 Caracas Venezolana de Television Network in Spanish 2350 GMT 26 Apr 94

[From "The News" newscast]

[Text] Ruth de Krivoy, president of the Central Bank of Venezuela, has resigned, and the bank's entire Board of Directors has followed suit. Omar Bello will serve as acting president of the Central Bank of Venezuela.

[In a related 250-word, Caracas-datelined report, Paris AFP in Spanish at 0013 GMT on 27 April cites Caracas radio stations in reporting that Krivoy has resigned with her entire team of advisers and technicians. The AFP report adds that Krivoy sent her letter of resignation to President Caldera, stating that she "does not wish to stand as an obstacle in the way of government plans to restructure its banking policy."]

ICE President on GATT, World Trade Organization

PA2704030494 Caracas ECONOMIA HOY in Spanish 21 Apr 94 p 22

[Text] Foreign Trade Institute (ICE) President Alberto Poletto said that Venezuela gained important advantages within the framework of the GATT, the final agreement of which was signed last week in Morocco.

During a news conference upon his return from this important meeting, Poletto detailed some of the benefits obtained in the Uruguay Round, among which he stressed the tariff reductions Venezuelan products will receive in Japan (90 percent), the European Union [EU] (43 percent), and the United States (36 percent).

According to the ICE president, the creation of the World Trade Organization [WTO], which will replace GATT in 1995, will offer our country guarantees. "We will be very much in the WTO, because if we are not in it, we will be left out of the world," he commented.

Likewise, he stressed that Venezuela's entry into the WTO gives it the right to demand proof of direct damage to verify dumping claims before sanctions are imposed, including the verification of direct damage to local producers caused by dumping.

On this issue, Poletto referred to the controversy that arose over Venezuelan steel exports, which he described as an "unjustifiable problem."

To regain this right, Venezuela—together with the Andean Pact member nations—has promised to reduce tariffs on industrial products to 35 percent within five years.

On the same subject, he pointed out that the WTO will eliminate the discrimination that has existed concerning dumping regulations, establishing safeguards, and resolving disputes.

Until now the GATT decisions on these issues were not binding on member nations, as was proven by the ruling on the quota system imposed by the EU on Latin American banana exporters.

Likewise, Poletto referred to the achievements obtained in the agricultural sector "in which tariffs became clear-cut." According to the agreements, approximately 30 products will receive a 40-percent tariff reduction based on the amounts imported between 1986 and 1988.

In his judgment, this will allow the Venezuelan Government "room to make changes in agricultural tariffs to meet the country's needs."

The ICE president will soon present the agreements signed in Morocco to Congress for its review and approval. According to his expectations, this procedure should be completed before January 1995, when the WTO will be created. Venezuela hopes to become a charter member of the WTO.

Haitian Armed Forces Condemned for Massacre

PA2704174994 Paris AFP in Spanish 1453 GMT 27 Apr 94

[Text] Caracas, 27 Apr (AFP)—In a communique issued today in Caracas by the Foreign Ministry, the Venezuelan Government condemns for the Haitian Armed Forces for "the massacre of 23 Haitians" in that country on Saturday. In the communique, the Venezuelan Foreign Ministry "deplores the worsening of the Haitian crisis and deeply regrets this wave of violence, intimidation, torture, disappearances, assassinations, and illegal imprisonment of people linked to democratic political and labor movements." After indicating the death of the 23 Haitians "should be added to the list of other equally condemnable events in recent months," the Venezuelan Foreign Ministry states that there is "a systematic campaign by the Haitian military sector to exterminate the Haitian Democratic Movement and prevent a return to peace and institutional normality."

The Venezuelan Government calls on Latin American and Caribbean countries "to join efforts to end the situation of violence and terror." It reiterates its support for OAS and UN efforts to restore institutional norms to Haiti.

In conjunction with the United States, Canada, and France, Venezuela forms part of the so-called "Friends of Haiti Group," which has tried to mediate the return of ousted President Jean- Bertrand Aristide. Aristide took asylum in Venezuela for some months after the military coup against him in September 1991.

Comptroller Report Describes 'Irregularities'

94SM0310A Caracas EL UNIVERSAL in Spanish 18 Mar 94 p 12 Section 1

[Text] The Comptroller General's report describes a series of irregularities and deficiencies discovered by that agency during 1993. They were found in the central and the decentralized administration, in governors' offices, legislative assemblies, city halls, and municipal councils.

Cases of misapplication of funds (used for purposes other than those intended) have been observed in the central administration for more than 664 million bolivares; the fractionalization of construction contracts to avoid prior review, for 450 million bolivares; irregularities in the Daily Care Homes program for 4.7 million bolivares; and a number of irregularities in the rental of equipment for the 1992 elections for 164 million bolivares plus $136,000. There was a diversion to other purposes of funds allocated for the modernization of the Treasury; a quantity of merchandise abandoned and with evidence of pilferage, amounting to more than $9 million and located in customs and warehouses; lack of accountability of vehicles belonging to the state and the assignment of some of them to retired military officers; and the blockage in commercial banks of 287 million bolivares allotted to the Milk Fund and Food Fund programs.

According to the report, 91 warnings were given during the period for lack of documentation and wrongful payment for 37 million bolivares. Employees were fined 606,500 bolivares for violating the regulations. Thirteen investigations were begun of presumably irregular acts, and five accusations were sent to the state prosecutor for civil and criminal charges.

With regard to tax receipts, the comptroller's report describes delays and frequent requests for postponements, to the extent that information on 1992's accounts is available. In addition, the organization reports shortcomings in accounting operations and defects in conducting collections. In the area of customs, the report says that airport customs at Maiquetia has not turned in its accounts for 1990, 1991, and 1992, while customs' accounts at La Guaira and Puerto Cabello for 1992 are still pending.

The Comptroller's Office says that, with regard to Tax Stamp fees, none of the Finance Ministry's regional offices has turned in its accounts.

As for the Value Added Tax, the office inspected the customs' posts to oversee compliance with requirements, the truthfulness of declarations, the determination of the tax base, and billing and payment of taxes, following which it concluded that existing deficiencies have created the conditions for the commission of irregularities and impede the proper oversight of billing and collecting taxes.

With regard to liquor taxes, it was noted that 1.184 billion bolivares that were declared were not paid within the legal time limit and late fees were not collected.

States and Municipalities

The report says that the Comptroller's Office conducted 19 inspections, of which the field work was concluded for nine, and another three were still being conducted at the end of 1993. It is noted that the inspection plan was suspended for a time due to activities providing advice to new governors and mayors on such matters as the changes in budget laws and ordinances, and the role of municipal comptrollers.

The organization began 18 administrative investigations and declared 66 regional and local officials to be responsible. In addition, 32 charges were substantiated and forwarded to the prosecutor, with evidence of civil and criminal responsibility.

Decentralized Administration

The Comptroller's Office carried out its responsibilities with the decentralized agencies by means of inspections, financial and administrative audits, and supervision, for a total of 512 actions. The majority of these dealt with oversight of the Program Law for Financing the Investment Plan; surveillance of the privatization process and use of funds from the so-called social megaproject; and inspection of the austerity program ordered by the government in 1992.

The organization confirmed the existence of attitudes contrary to fiscal discipline and to the efficient management of public services, and of disrespect for legal procedures "with no sign of a desire to remedy the situation and to apply suitable sanctions against the officials responsible, with the aggravating circumstance of the high social and financial cost which, in the country's current condition, the erratic and inefficient performance of public institutions entails." The report states that these situations were promptly brought to the attention of the pertinent authorities so that they could take the required corrective measures.

Decentralized organizations and activities investigated by the comptroller included the indebtedness of the PDVSA [Venezuelan Petroleum, Inc.], the situation in Pequiven [Petrochemical Company of Venezuela, Inc.], construction contracts of CVG [Venezuelan Corporation of Guayana], public credit obligations of Bauxiven [Venezuelan Bauxite, Inc.], payment of interest at Edelca [Caroni River Electrification Project], the sale of products at less than international prices at Fesilven [expansion not given], verification of the terms of sale of Bandagro [Agricultural-Livestock Development Bank], oversight of the austerity programs at the national universities, evaluation of zero-coupon bond operations at the Central Bank, review of obligations undertaken and use made of funds received by the Workers Bank of Venezuela, analysis of the financial situation of the Industrial Bank, evaluation of the privatization program of the Investment Fund of Venezuela, study of the restructuring process at Corpoindustria, inspections at Cadafe [Electrical Administration and Development Corporation], evaluation of the John Paul II program, of the Simon Bolivar Center, analysis of losses at the National Institute of Race Tracks, the financial situation of the Venezuelan Institute of Social Security, and analysis of investments by INCE [National Institute of Cooperative Education].

Cordiplan Head Comments on Tax Policies

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[Article by Alfredo Carquez Saavedra]

[Text] The policy of issuing zero-coupon bonds is conditioned by the financial crisis, and the Central Bank of Venezuela (BCV) finds itself obliged to absorb part of the liquidity that is injected into the banks being aided.

Chief of Cordiplan [Office of Coordination and Planning] Enzo del Bufalo made this statement yesterday, when he was asked if the increase in yield that this financial paper had experienced during the last auction conducted at the BCV did not contradict the administration's strategy for stabilizing the economy.

One of the results produced by the most recent sale of zero-coupon bonds was an increase in their yield by slightly more than 2 percent, which caused an increase in the ceiling of the cost of money to 72.13 percent.

Del Bufalo said that it would not be possible to correct this problem until the financial crisis is resolved. When asked whether the BCV's actions are aimed at preventing capital flight, he recalled that an increase in interest rates also serves to "direct savings toward the domestic market."

Referring to the controversial Tax on Bank Debts (IDB), he said that, with or without the Value Added Tax (IVA), the IDB would go forward, even though it had been proposed only "to deal with the emergency."

He also stated that the tax reform presented by the administration to the National Congress could generate more revenue than it was estimated IVA would produce. Nevertheless, he made clear that "even so, a gap would remain" in the budget, and because of this the IDB had been proposed. It is "an instrument that is essential in order to reduce the deficit to less than 3 percent of the gross domestic product (GDP)."

The head of national planning also said that within a couple of months, he will present what will be the long-term strategy of President Caldera's government. He stressed that growth without inflation would be among the basic principles of the plan, the Ninth National Plan, as it was in the eighth plan, The Great Turning. "But this growth must be maintained by productive investment and not by spending by the state."

Del Bufalo's statements came after his participation in the forum, State Intervention vs. Free Economy, organized by the Venezuelan Institute of Finances.

In his presentation, the chief of Cordiplan said that in Venezuela, tax payments represent less than two percent of GNP [gross national product], in sharp contrast to the fact that in a "normal country" taxes generally exceed 10 percent of GNP.

He said that an economic policy "of doubtful efficacy" had been tried in the country, and that it had been politically nonviable. The previous government, he said, thought that an open economy and market mechanisms would be sufficient to overcome this model. "It was a conceptual and empirical error to leave the functioning of the economy to market dynamics, and that has been our basic discrepancy with that administration."

There had been no long-term planning, and it is the state that must produce the appropriate economic policy to create a market that does not yet exist. He said that the alternative to be followed must become a reality with the cooperation of the private sector, "which is responsible for financing part of the increase in costs with its earnings."

"The state must resolve the structural problem that is causing inflation, but while the fiscal deficit is a problem of the state, it is also true that it is a responsibility of business, because business does not pay taxes."

In addition, he maintained that although he does not believe the maxi-devaluation is feasible, "this dark horizon will become more probable, if the Congress does not do its duty."

President Dismisses Charges Against 9 Coupists

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[Text] Caracas, 24 Apr (EFE)—Nine Venezuelan Air Forces officers who participated in the attempted coup on 27 November 1992 were released Saturday and will return to their duties. Charges against the nine officers, who took asylum in Peru after the second military coup attempt, were dismissed by a decree issued by President Rafael Caldera.

The officers are Captains Senibaldo Palacios, Wilfredo Santiago Sanchez Trujillo, Wilson Marin Leal, Luis Antonio Romero, Daniel Pereira, Jean Luis Duran Siso, and Sanchez Trujillo. Charges were also dismissed against Lieutenants Fidias Garrido and Alexis Montilla.

Only three of the officers who returned to Venezuela to surrender to justice continue to be detained at the San Carlos prison in northern Caracas. There are still 13 coupist officers in Peru, including General Visconti Osorio, one of the leaders of the 27 November 1992 military insurrection.

In Venezuela, 21 soldiers are still being held for rebellion. The soldiers are headed by Admiral Luis Cabrera Aguirre, who is held at the San Carlos prison together with 13 officers and a soldier.

Virginia Contreras, the defense lawyer of the coupist soldiers, said to reporters that the cases against the officers who are still under arrest should also be dismissed and that they should be allowed to return to the National Armed Forces.